

SUMMARY

Dated 9 November 2022

This Summary is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the MFSA and of the Prospectus Regulation.

In respect of an issue of €15 million 4.75% Secured Bonds 2025 - 2027
of a nominal value of €100 per Bond issued at par by



BEST DEAL PROPERTIES HOLDING P.L.C.

a public limited liability company registered in Malta
with company registration number C 88974

Guaranteed by Best Deal Estates Limited a private limited liability company registered in Malta
with company registration number C 102444

ISIN: MT0002121219

Legal Counsel

ZammitPace 

Security Trustee



FINCO TRUST SERVICES LIMITED

Sponsor, Manager & Registrar



M Z I N V E S T M E N T S E R V I C E S

THIS SUMMARY HAS BEEN APPROVED BY THE MFSA AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVES THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND/OR THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

THIS SUMMARY IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

Approved by the Directors



Christopher Attard



Pierre Bartolo

signing in their own capacity as directors of the Company and for and on behalf of each of Robert Buttigieg, David Basile, Erskine Vella, James Bullock, Mario P Galea and Marlene Seychell



This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which enables investors to understand the nature and the risks associated with the Issuer, the Guarantor and the Secured Bonds.

Except where the context otherwise requires or where otherwise defined herein, the capitalised words and expressions used in this Summary shall bear the meanings assigned thereto in the Registration Document and the Securities Note, respectively, as the case may be.

1. INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer, the Guarantor and the Secured Bonds, summarised details of which are set out below:

Issuer	Best Deal Properties Holding p.l.c., a public limited liability company registered under the laws of Malta bearing company registration number C88974 and having legal identifier number (LEI) 485100A1WBOSGJKWHT04;
Address	63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta;
Telephone number	21692279
Website	www.bestdealholdings.com;
Guarantor	Best Deal Estates Limited, a private limited liability company registered in Malta with company number C 102444 having its registered office at 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA9045, Malta and having legal identifier number (LEI) 485100MD2OKINQMXVG21;
Competent authority approving the Prospectus	The MFSA, established in terms of the Financial Markets Act (Cap. 345 of the laws of Malta);
Address, telephone number and official website of the competent authority	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta. The telephone number of the competent authority is 2144 1155. The official website of the competent authority is https://www.mfsa.mt/ ;
Name of Securities	4.75% Secured Bonds due 2025 – 2027;
ISIN of the Secured Bonds	MT0002121219;
Prospectus approval date	9 November 2022.

Prospective investors are hereby warned that:

- (i) this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Secured Bonds being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;
- (ii) any decision of the investor to invest in the Secured Bonds should be based on a consideration of the Prospectus as a whole by the investor;
- (iii) an investor may lose all or part of the capital invested in subscribing for Secured Bonds;
- (iv) where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated;
- (v) civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate, or inconsistent or does not provide key information in order to aid investors when considering whether to invest in the Secured Bonds; and
- (vi) the Bonds are complex instruments and may be difficult to understand.



2. KEY INFORMATION ON THE ISSUER

2.1 Who is the Issuer of the Secured Bonds?

2.1.1 Domicile and legal form, its LEI and country of incorporation

The Issuer is Best Deal Properties Holding p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Chapter 365 of the laws of Malta). The Issuer was incorporated and is domiciled in Malta, with legal entity identifier (LEI) number 485100A1WBOSGJKWHT04.

2.1.2 Principal activities of the Issuer

The Issuer is the holding and finance company of the BDP Group and was incorporated for the purpose of financing its Subsidiaries' respective projects. The Issuer does not carry out any trading activities of its own and its revenue is limited to the dividends it receives from its Subsidiaries and interest receivable due under intra-group loan agreements.

2.1.3 Major Shareholders

The authorised share capital of the Issuer is three hundred fifty thousand Euro (€350,000) divided into three million five hundred thousand (3,500,000) ordinary shares of ten Euro cents (€0.10) each. The issued share capital of the Issuer is three hundred twelve thousand five hundred Euro (€312,500) divided into three million one hundred twenty-five thousand (3,125,000) ordinary shares of ten Euro cents (€0.10) each, fully paid up. The Company's issued share capital is subscribed equally by Christopher Attard, Erskine Vella, Pierre Bartolo, RCJ Investments Limited and C Developments Limited.

2.1.4 Directors of the Issuer

As at the date of the Prospectus, the Board of Directors of the Issuer is composed of the following 7 individuals: Christopher Attard (Executive Director); Pierre Bartolo (Executive Director); David Basile (Executive Director); Robert Buttigieg (Executive Director); Erskine Vella (Executive Director); James Bullock (Chairman and Non-Executive Director); Mario P. Galea (Independent, Non-Executive Director); and Maria Carmela k/a Marlene Seychell (Independent, Non-Executive Director).

2.1.5 Statutory Auditors

The auditor of the Issuer as of the date of the Prospectus is RSM Malta of Mdina Road, Zebbug ZBG9015, Malta (accountancy board registration number AB/26/84/53).

2.2 What is the key financial information regarding the Issuer?

The key information regarding the Issuer on a consolidated basis is set out below:

Income Statement	FY2021 Audited	FY2020 Audited	FY2019 Audited	6-mth period ended 30 Jun'22 Unaudited	6-mth period ended 30 Jun'21 Unaudited
Operating profit/(loss) (€'000)	3,795	1,413	(574)	1,451	1,122
Statement of Financial Position	31 Dec'21 Audited	31 Dec'20 Audited	31 Dec'19 Audited	30 June'22 Unaudited	
Net financial debt (€'000)	11,544	18,459	20,468	9,297	
<i>Breakdown as follows:</i>					
Borrowings (€'000)	1,860	4,774	5,598	1,696	
Debt securities (€'000)	13,296	15,022	15,671	9,022	
Sinking fund (€'000)	(3,365)	(875)	-	(429)	
Cash and cash equivalents (€'000)	(247)	(462)	(801)	(992)	
Cash Flow Statement	FY2021 Audited	FY2020 Audited	FY2019 Audited	6-mth period ended 30 Jun'22 Unaudited	6-mth period ended 30 Jun'21 Unaudited
Cash flows from (used in) operating activities (€'000)	7,134	2,178	(24,001)	2,883	1,012
Cash flows from (used in) financing activities (€'000)	(2,490)	(875)	(2)	(2,016)	2,936
Cash flows from (used in) investing activities (€'000)	(4,835)	(1,650)	24,788	(5,074)	770

2.3 What are the key risks specific to the Issuer?

The most material risks specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

2.3.1 Risks relating to the Issuer's exposure to and dependence on the BDP Group and its business

The Issuer is the holding parent company of the BDP Group, which was set up primarily as a finance and investment company with one of its purposes being that of raising finance and advancing same to members of the Group. Accordingly, the operating results of the BDP Group have a direct effect on the Issuer's financial position and performance.

2.3.2 Risks relating to the rising costs for materials, resources, and utilities

The price of raw materials has been subject to substantial increases. Should the volatility in prices continue in an upward trajectory over the rest of the year as well as subsequent years, the BDP Group may be negatively affected if these increased costs are not capable of being reflected in increased charges for the delivery of certain products and services of the BDP Group.

2.3.3 Risks relating to the economic repercussions of infectious diseases (including the COVID-19 pandemic and possible similar future outbreaks)

As a result of the spread of COVID-19, global economic activity, including in Malta, has experienced a general downturn. The Group's revenue generated from its property development activities may be negatively impacted through a reduction in price of units held for resale, as well as the risk of a downward shift in demand, frequency, and volume of such transactions. The Group's business development and day-to-day operations may also be delayed or abandoned due to directives issued by the relevant public and health authorities.

2.3.4 Risks associated with the acquisition, development, and sale of property

There are several factors that commonly affect the real estate development industry, many of which are beyond the BDP Group's control, and which could adversely affect the economic performance of the BDP Group and the value of its real estate properties under development. Such factors include, *inter alia*, general industry trends; changes in local market conditions; shortages and, or price increases in raw materials, services, or other construction inputs; and insufficiency of resources to complete the projects.

2.3.5 Risks associated with the competitive nature of the property market

An increase in supply and, or a reduction in demand in the property segments in which the BDP Group operates and targets to sell the remaining units in stock and the properties being developed, may cause sales of units forming part of its properties under development to sell at prices which are lower than is being anticipated by the BDP Group or that sales of such units are in fact slower than is being anticipated.

2.3.6 Risks associated with property valuations and net realisable value

Property valuations are largely dependent on current and, or, expected market conditions which are susceptible to fluctuation and therefore, there can be no assurance that such property valuations will reflect actual market values. Furthermore, the Group may purchase and, or have purchased property based on inaccurate valuations.

2.3.7 Risks associated with the engagement and, or the involvement of service providers and associated counterparty risks

The BDP Group relies upon third party or related service providers for the construction and completion of its property developments. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the BDP Group's expectations and in accordance with their contractual obligations.

2.3.8 Risks relating to cost overruns and delays in completing the BDP Group's projects

The projects being undertaken by the BDP Group (including, *inter alia*, the Siggiewi Development) are susceptible to certain risks inherent in real estate development, most notably the risk of completion within their scheduled completion date and within the budgeted cost. If either or both of these risks were to materialise, they could have a significant impact on the financial condition of the Guarantor and the Issuer, and the ability of the latter to meet its obligations under the Bonds.



3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

The Secured Bonds are being issued in the amount of €15,000,000 with a nominal value of €100 per Secured Bond issued at the rate of 4.75% per annum and redeemable at par on 30 November 2027 or, at the sole option of the Issuer, any date falling between 30 November 2025 and 29 November 2027. The first interest payment shall be effected on 30 November 2023 (covering the period from 30 November 2022 to 29 November 2023).

The Secured Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Secured Bonds shall have the following ISIN: MT0002121219.

The Secured Bonds constitute the general, direct, unconditional, and secured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount by the Guarantor on a joint and several basis (the “**Guarantee**”). The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves. The Secured Bonds are secured by the following collateral constituted in favour of the Security Trustee for the benefit of the Bondholders (the “**Collateral**”):

- a) the first ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Guarantor;
- b) the first ranking special hypothec for the full nominal value of the Secured Bonds and interest thereon over the Siggiewi Site together with all and any constructions to be developed thereon;
- c) the pledge agreement to be entered into by and between the Guarantor and the Security Trustee for the purpose of constituting a pledge on insurance policy proceeds in relation to the Hypothecated Property as security for the full nominal value of the Secured Bonds and interest thereon; and
- d) the Guarantee.

There are no special rights attached to the Secured Bonds other than the right of Bondholders to: (i) the repayment of capital; (ii) the payment of interest; (iii) the benefit of the Collateral through the Security Trustee; (iv) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and (v) such other rights attached to the Secured Bonds emanating from the Prospectus. There are no restrictions on the free transferability of the Secured Bonds.

3.2 Where will the securities be traded?

Application has been made to the Malta Stock Exchange for the Secured Bonds to be listed and traded on its Official List.

3.3 Is there a guarantee attached to the securities?

The Secured Bonds are guaranteed by the Guarantor on a joint and several basis. Accordingly, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Secured Bonds on first demand (subject to the terms of the Guarantee) if the Issuer fails to meet any amount when due in terms of the Prospectus. The joint and several Guarantee also entitles the Bondholders to demand payment from the Guarantor without having to first take action against the Issuer.

3.3.1 The Guarantor

The Guarantor is Best Deal Estates Limited. On 31 May 2022, the Guarantor was established as a private limited liability company registered in Malta in terms of the Companies Act (Chapter 386 of the laws of Malta) with company registration number C 102444. The LEI of the Guarantor is 485100MD2OKINQMXVG21. The Guarantor was set up as a wholly-owned subsidiary of the Company to acquire the Siggiewi Site and develop the Siggiewi Development.

3.3.2 Key financial information of the Guarantor

The Guarantor was incorporated in May 2022 and, accordingly has not published its first set of audited financial statements.

3.4 What are the key risks specific to the Guarantor and the Collateral?

3.4.1 Risks relating to the business of the Guarantor

The risks of the Issuer are indirectly those of the BDP Group and, in turn, all risks relating to the BDP Group, including the Guarantor, are the risks relevant to the Issuer as detailed in sub-section 2.3 of this Summary.

3.4.2 Risks relating to the Collateral

The strength of the undertakings given under the Guarantee is dependent upon and directly linked to the financial position and solvency of the Guarantor. The Guarantee is further supported by, *inter alia*, the Collateral over the Hypothecated Property belonging to the Guarantor. Whilst this grants the Security Trustee a right of preference and priority for repayment over the

relative Hypothecated Property, there can be no guarantee that the value of the relevant Hypothecated Property over the term of the Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Secured Bonds. If such circumstances were to arise or subsist at the time that the Security Interest is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds.

3.5 What are the key risks specific to the Securities?

3.5.1 Complex financial instrument and suitability assessment

The Secured Bonds may be redeemed at the option of the Issuer on a Designated Early Redemption Date. In view of the early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II and may not be suitable for all recipients of the Prospectus. In the event that an investor does not seek professional advice and, or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

3.5.2 The Secured Bonds are redeemable at the option of the Issuer

Any or all of the Secured Bonds may be redeemed by the Issuer on a Designated Early Redemption Date. If the Secured Bonds are redeemed on a Designated Early Redemption Date, a Bondholder would not receive the same return on investment that it would have received if the Secured Bonds were redeemed on the Redemption Date. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed.

3.5.3 Subsequent changes in interest rates and potential impact on inflation

The Secured Bonds shall carry a fixed interest rate. Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Secured Bonds. The price of fixed rate bonds should, theoretically, be adversely impacted if interest rates increase above the level of the interest paid on the said bond. In an economic scenario where prevailing market interest rates are rising, the prices of fixed rate bonds decline and conversely, if market interest rates are declining, the prices of fixed rate bonds tend to rise. This is part of the market risk inherent in financial instruments but it is only crystallised if a Bondholder decides to sell the Secured Bonds before maturity on the secondary market, since on maturity, a Bondholder will still be entitled to receive the face value of the Secured Bonds.

The coupon payable on the Secured Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Secured Bond coupons. In a period of high inflation, an investor's real return on the Secured Bonds will be lower than the Secured Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Secured Bonds on the secondary market.

3.5.4 No prior market for the Secured Bonds

Prior to the Bond Issue and Admission, there has been no public market for the Secured Bonds within or outside Malta. Due to the absence of any prior market for the Secured Bonds, there can be no assurance that the price of the Secured Bonds will correspond to the price at which the Secured Bonds will trade in the market subsequent to the Bond Issue.

3.5.5 Amendments to the Terms and Conditions of the Secured Bonds

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Secured Bonds it may call a meeting of Bondholders. Defined majorities of Bondholders may bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

4.1.1 The Intermediaries' Offer

Pursuant to the Intermediaries' Offer, the Issuer shall enter into subscription agreements with the Authorised Financial Intermediaries whereby the Issuer shall bind itself to allocate a total amount of up to €15,000,000 in nominal value of Secured Bonds to such Authorised Financial Intermediaries, which in turn shall bind themselves to subscribe to, for their own account or for the account of their underlying clients, a specified number of Secured Bonds. Authorised Financial Intermediaries must effect payment to the Issuer for the Secured Bonds subscribed to by not later than the closing of the Offer Period.



4.1.2 Expected timetable of the Bond Issue

1 Offer Period	14 November 2022 to 29 November 2022
2 Commencement of interest on the Secured Bonds	30 November 2022
3 Expected date of announcement of basis of acceptance	30 November 2022
4 Refunds of unallocated monies, if any	2 December 2022
5 Expected dispatch of allotment letters	9 December 2022
6 Expected date of admission of securities to listing	9 December 2022
7 Expected date of commencement of trading in the securities	12 December 2022

4.1.3 Plan of distribution, allotment and allocation policy

The Issuer has reserved the full amount of the Secured Bonds to Authorised Financial Intermediaries which shall enter into subscription agreements pursuant to the Intermediaries' Offer. The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 30 November 2022.

4.1.4 Total estimated expenses

Professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €400,000. There is no particular order of priority with respect to such expenses.

4.2 Why is this Prospectus being produced?

4.2.1 Use of proceeds

The proceeds from the Bond Issue will be used by the Issuer to provide a loan facility to the Guarantor, pursuant to the Loan Agreement, to be utilised as provided below. The Loan Agreement will bear interest at 7% per annum, and the principal amount thereof shall be repayable by not later than 31 December 2026. In turn, the Loan Agreement will be used by the Guarantor for the following purposes, in the following amounts and order of priority: (i) the amount of *circa* €10.2 million for the purposes of funding the acquisition, by the Guarantor, of the Siggiewi Site over which the Siggiewi Development will be developed, and related costs of acquisition; and (ii) the amount of *circa* €4.4 million shall be retained by the Security Trustee to be disbursed to contractors, on behalf of the Guarantor, engaged to undertake excavation and construction works relating to the Siggiewi Development, once the Siggiewi Site is acquired as indicated in (i) above.

The issue and allotment of the Secured Bonds is conditional upon: (a) the Bond Issue being fully subscribed; (b) confirmation of admission of the Secured Bonds to the Official List; and (c) the Security Interest being constituted in favour of the Security Trustee. In the event that any of the aforesaid conditions (a) to (c) is not satisfied, the Security Trustee shall return the Bond Issue proceeds to the Bondholders. The Bonds shall not be included on the Official List of the Malta Stock Exchange unless the Security Interest has been perfected.

4.2.2 Underwriting

The Bond Issue is not underwritten.

4.2.3 Conflicts of interest

Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which include the Sponsor, Manager and Registrar) and any fees payable to M.Z. Investment Services Limited as Sponsor, Manager and Registrar in connection with the Bond Issue, so far as the Issuer is aware, no person involved in the Bond Issue has any material conflicts of interest pertaining to the offer of Bonds or their admission to trading.

REGISTRATION DOCUMENT

Dated 9 November 2022

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and of the Prospectus Regulation.



BEST DEAL PROPERTIES HOLDING P.L.C.

a public limited liability company registered in Malta
with company registration number C 88974

Guaranteed* by Best Deal Estates Limited a private limited liability company registered in Malta
with company registration number C 102444

**Prospective investors are to refer to the Guarantee contained in Annex II of the Securities Note forming part of the Prospectus for a description of the scope, nature, and terms of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Summary, in this Registration Document, and in the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Secured Bonds and the Guarantee provided by the Guarantor, as well as the Security Interest granted by the Guarantor.*

Legal Counsel

ZamitPace 

Security Trustee



FINCO TRUST SERVICES LIMITED

Sponsor, Manager & Registrar



M Z I N V E S T M E N T S E R V I C E S

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THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SECURITIES ISSUED BY THE ISSUER.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISER.

Approved by the Directors



Christopher Attard



Pierre Bartolo

signing in their own capacity as directors of the Company and for and on behalf of each of Robert Buttigieg, David Basile, Erskine Vella, James Bullock, Mario P Galea and Marlene Seychell



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1. IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON BEST DEAL PROPERTIES HOLDING P.L.C. IN ITS CAPACITY AS ISSUER AND BEST DEAL ESTATES LIMITED AS GUARANTOR, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT (CHAPTER 386 OF THE LAWS OF MALTA) AND THE PROSPECTUS REGULATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS, TO PUBLISH OR ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUER, THE GUARANTOR AND, OR THE SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF PUBLISHED, ISSUED, GIVEN OR MADE, SUCH ADVERTISEMENT, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISERS.

ALL THE ADVISERS TO THE ISSUER NAMED UNDER THE HEADING “ADVISERS TO THE ISSUER” IN SECTION 5.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER, BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THE PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

STATEMENTS MADE IN THIS REGISTRATION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY SECURITIES ISSUED BY THE ISSUER MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION



SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN PROFESSIONAL ADVISERS.

IN TERMS OF ARTICLE 12(1) OF THE PROSPECTUS REGULATION, THE PROSPECTUS SHALL REMAIN VALID FOR A PERIOD OF TWELVE (12) MONTHS FROM THE DATE OF THE APPROVAL OF THE PROSPECTUS BY THE MFSA. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKE OR MATERIAL INACCURACY RELATING TO THE INFORMATION SET OUT IN THE PROSPECTUS WHICH MAY AFFECT THE ASSESSMENT OF THE SECURITIES AND WHICH ARISES OR IS NOTED BETWEEN THE TIME WHEN THE PROSPECTUS IS APPROVED AND THE CLOSING OF THE OFFER PERIOD OR THE TIME WHEN TRADING ON A REGULATED MARKET COMMENCES, WHICHEVER OCCURS LATER. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR GUARANTOR'S WEBSITES (IF ANY) OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTOR'S WEBSITES DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES ISSUED BY THE ISSUER.

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS.



2. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

2018 Bond Issue	The issue of the Existing Bonds by the Issuer pursuant to the 2018 Prospectus;
2018 Prospectus	The Prospectus dated 3 December 2018 issued by the Company in relation to the Existing Bonds;
Act	The Companies Act (Chapter 386 of the laws of Malta);
BDP Group or Group	The Issuer and any company or entity in which the Issuer has a controlling interest;
Bond Issue or Offer	The issue of the Secured Bonds;
Bond Obligations	The punctual performance by the Company of all its obligations under the Secured Bonds upon issuance including the repayment of principal and payment of interest thereon;
Bondholder/s	A holder of Secured Bonds;
Capital Markets Rules	The capital markets rules issued by the Malta Financial Services Authority in terms of the Financial Markets Act (Chapter 345 of the Laws of Malta);
Company or Issuer	Best Deal Properties Holding p.l.c., a public limited liability company registered under the laws of Malta bearing company registration number C88974 and having its registered office at 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta;
Directors or Board	The directors of the Company whose names are set out in section 5 under the heading “Identity of Directors, Advisers, Security Trustee and Auditors”;
Euro or €	The lawful currency of the Republic of Malta;
Existing Bondholders	The holders of the Existing Bonds, each an “Existing Bondholder”;
Existing Bonds	The 4.25% secured bonds due 2024 issued by the Company pursuant to the 2018 Prospectus, of a nominal value of €100 per bond and of an aggregate nominal value of €16,000,000, and having ISIN MT0002121201;
Guarantee	The joint and several guarantee, dated 9 November 2022 granted by the Guarantor as security for the punctual performance of the Issuer’s payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee is appended to the Securities Note as Annex II thereto;
Guarantor	Best Deal Estates Limited, a private limited liability company registered in Malta with company number C 102444 and having its registered office at 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA9045, Malta;
Loan Agreement	The loan agreement to be entered into by and between the Issuer (as lender) and the Guarantor (as borrower) pursuant to and in accordance with the terms and conditions of which the net proceeds from the Bond Issue, amounting to approximately €14.6 million, will be advanced by title of loan from the Issuer to the Guarantor;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Acts (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Mellieħa Development	The construction, development, and finishing, over the site known as Tal-Hawlija, Ta’ Masrija and Tas-Salib measuring in aggregate approximately 1,249sqm, of a total of 55 garages, seven maisonettes, 35 apartments and seven penthouses;
Memorandum and Articles of Association or M&A	The memorandum and articles of association of the Company in force at the time of publication of the Prospectus;
MFSA	The Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta) in its capacity as the competent authority in terms of the Financial Markets Act, authorised to approve prospectuses and admissibility to listing and to monitor and supervise local regulated markets and participants thereof falling within the regulatory and supervisory remit of the MFSA;



Ongoing Developments	The Pembroke I Development, the Mellicha Development and the Zabbar Development;
Ordinary Shares or Shares	Ordinary shares having a nominal value of €0.10 each in the capital of the Company;
Pembroke I Development	The construction, development, and finishing, over the corner site situated at 102 and 103 in Triq Mediterran c/w Triq Gabriele Henin, Pembroke, having a footprint measuring approximately 380sqm, of seven garages, two maisonettes, four three-bedroom apartments and two penthouses;
Planning Authority	The Planning Authority established in terms of the Development Planning Act (Chapter 552 of the laws of Malta);
Property Valuation Report	The property valuation report issued by TBA Periti and dated 7 November 2022;
Prospects MTF	The market regulated as a multilateral trading facility operated by the MSE providing a venue for start-up growth of small to medium sized enterprises to float their capital (including equity or debt) on the market;
Prospectus	Collectively, this Registration Document, the Securities Note and the Summary;
Prospectus Regulation	Commission Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended and/or supplemented from time to time;
Secured Bonds	As defined in the Securities Note;
Securities Note	The securities note issued by the Issuer dated 9 November 2022, forming part of the Prospectus;
Security Interest or Collateral	The following security to be constituted prior to or upon the final deeds of sale and acquisition of the Siġġiewi Site: <ul style="list-style-type: none"> (i) the first ranking general hypothec for the full nominal value of the Secured Bonds and interests thereon over all the present and future property of the Guarantor; (ii) the first ranking special hypothec for the full nominal value of the Secured Bonds and interests thereon over the Siġġiewi Site together with all and any constructions to be developed thereon; (iii) the Guarantee; and (iv) the Pledge Agreement;
Security Trust Deed	The security trust deed in respect of the Bond Issue, entered into between the Security Trustee, the Issuer, and the Guarantor, dated 9 November 2022;
Security Trustee	Finco Trust Services Limited, having company registration number C 13078 and having its registered office at The Bastions Office, No.2, Emvin Cremona Street, Floriana FRN 1281, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Chapter 331 of the laws of Malta);
Siġġiewi Development	The construction, development, and finishing, over the Siġġiewi Site, of a total of 20 maisonettes, 75 apartments and 155 garages, spread over eight blocks as better described in sub-section 6.5.3.2 and the Property Valuation Report;
Siġġiewi Site or Hypothecated Property	The site located in the outskirts of Siġġiewi, measuring <i>circa</i> 4,985sqm, as better described in the Property Valuation Report, the size and area of which may be reduced by any schemed road which may pass through the site under the authority of the government;
Sponsor, Manager and, or Registrar	M.Z. Investment Services Limited having company registration number C 23936 and registered office at 61, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta, licensed by the MFSA and a member of the MSE;
Subsidiary	An entity over which the parent has control. In terms of the International Financial Reporting Standards adopted by the European Union, a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term “Subsidiary” shall be construed accordingly. The term “Subsidiaries” shall collectively refer to the said entities;
Summary	The summary published by the Issuer dated 9 November 2022, forming part of the Prospectus;
Zabbar Development	The construction, development, and finishing, over the site known as Il-Wilga tal-Imniegel measuring approximately 4,149sqm, of a total of 198 garages, 24 maisonettes, 81 apartments and 22 penthouses, spread over ten blocks.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and *vice-versa*;
- b) words importing the masculine gender shall include also the feminine gender and *vice-versa*;
- c) the word “*may*” shall be construed as permissive and the word “*shall*” shall be construed as imperative;
- d) any references to a person include natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations, or trusts;
- e) any reference to a person includes that person’s legal personal representatives, successors, and assigns;
- f) any phrase introduced by the term “*including*”, “*include*”, “*in particular*” or any similar expression is illustrative only and does not limit the sense of the words preceding the term; and
- g) any references to a law, legislative act and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the time of issue of this Registration Document.

3. RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR IS IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

WHILE THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES, PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE BDP GROUP’S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER’S AND, OR GUARANTOR’S FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER’S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND, OR THE GUARANTOR.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER:

- (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR
- (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER.

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

3.1 Forward-looking Statements

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, *inter alia*, statements concerning the Issuer’s and Guarantor’s strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances.



Prospective investors can generally identify forward-looking statements by the use of terminology such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer’s and Guarantor’s control. Important factors that could cause actual results to differ materially from the expectations of the Issuer’s directors include those risks identified under the heading “Risk Factors” and elsewhere in the Prospectus.

If any of the risks described below were to materialise, they could have a material adverse effect on the Issuer’s and Guarantor’s financial results and trading prospects and the ability of the Issuer to fulfil its Bond Obligations under the securities to be issued in terms of the Prospectus and of the Guarantor to honour its obligations under the Guarantee.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, all the risk factors set out in the Prospectus for a further discussion of the factors that could affect the Issuer’s and Guarantor’s future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based.

3.2 Risks Relating to the Issuer and the BDP Group

3.2.1 Issuer’s exposure to and dependence on the BDP Group and its business

The Issuer is the holding parent company of the BDP Group, which was set up primarily as a finance and investment company with one of its purposes being that of raising finance and advancing same to members of the Group. In this respect, the Issuer is dependent on the business prospects of the BDP Group companies, and consequently, the operating results of the BDP Group have a direct effect on the Issuer’s financial position and performance. As such, the risks intrinsic in the business and operations of the BDP Group shall have a direct effect on the financial position of the Issuer.

The business activities of the BDP Group are subject to general market and economic conditions, both locally and overseas. These conditions include, *inter alia*, consumer demand, financial market volatility, inflation, fluctuations in interest rates, exchange rates, direct and indirect taxation, unemployment, credit markets, government spending and other general market and economic conditions. In the event that general market and economic conditions were to experience a downturn, these weakened conditions may have an adverse impact on the financial position and operational performance of the BDP Group’s business activities, potentially having a negative effect on the Issuer’s financial position, cash flows, operational performance and its ability to fulfil its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

The BDP Group is also subject to the timely completion of its existing and prospective developments (including, but not limited to, the Siggiewi Development) and other budgetary constraints relative to its business. These include factors such as the level of investment across the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and other economic and social factors affecting demand for real estate generally. In the event that general economic conditions and property market conditions experience a downturn which is not contemplated in the Group’s planning during the completion of its prospective real estate development projects, this shall have an adverse impact on the financial condition of the Group and the ability of the Issuer and the Guarantor to meet their respective obligations under the Bonds.

3.2.2 The Issuer’s dependence on payments due by the Guarantor and other BDP Group companies

As a finance company, the majority of the Issuer’s assets consist of loans issued to the Guarantor and investments in the Guarantor and other BDP companies. Consequently, the Company is entirely dependent on the receipt of interest and loan repayments from the Guarantor and other BDP companies, and income derived from dividends receivable from the Guarantor and other BDP Group companies. In this respect, the operating results of the Guarantor and other BDP Group companies have a direct effect on the Company’s financial position.

The interest payments, loan repayments and dividends to be effected by BDP Group companies (including the Guarantor) are subject to certain risks. More specifically, the ability of BDP Group companies to effect payments to the Company will depend on the cash flows and earnings of BDP Group companies, which may be restricted by: (i) changes in applicable laws and regulations; (ii) by the terms of agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any; (iii) risks of delays in completion of its existing and prospective developments (including, but not limited to, the Siggiewi Development); (iv) slowdown

in tempo of property sales; or (v) by other factors beyond the control of the Company. The occurrence of any such factors could, in turn, negatively affect the ability of the Issuer to meet its obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

3.3 Economic and Financial Risks relating to the BDP Group and its Business

3.3.1 Risks relating to rising costs for materials, resources and utilities

The BDP Group operates in the property development industry, which necessitate the availability of certain resources (including human resources), materials and utilities, at cost-effective prices. The BDP Group's principal operational risks relate to its ability to deliver projects within agreed upon project deliverables, including project design specifications, quantity requirements, the involvement of qualified and skilled personnel, adequacy of resources and equipment, technical and industry standards, certification requirements, scheduled programme of works, fitting and finishing specifications and, ultimately, within project budgeted costs and stipulated project deadlines.

From the start of the coronavirus pandemic ("COVID-19") to date, the price of raw materials has been subject to substantial increases caused by a combination of heightened market demand and low availability, ongoing global supply chain challenges, increase in shipping costs, shortages in containers, ships, and human resources, all of which have also been worsened by the recent political and military tensions between Russia and Ukraine, the evolution and political and economic impact of which are characterised by high uncertainty. Accordingly, a surge in prices has been witnessed for, *inter alia*, aluminium, steel, copper, oil, wood, and paper. Should the volatility in prices continue in an upward trajectory over the rest of the year as well as subsequent years, the BDP Group may be negatively affected if these increased costs are not capable of being reflected in increased charges for the delivery of certain products and services of the BDP Group.

The BDP Group may be unable to maintain an adequate stock of the materials and resources it requires, including the appropriate workforce for the BDP Group's development projects resulting in increased costs and project delays. The BDP Group's inability to comply with its obligations could adversely impact the BDP Group's relations with its customers and suppliers, prejudice its goodwill and, or could result in a material adverse effect on the financial position, financial performance, and operational results of the BDP Group.

3.3.2 Risks relating to the economic repercussions of infectious diseases (including COVID-19 pandemic and possible similar future outbreaks)

Different regions in the world have, from time to time, experienced outbreaks of various viruses. The global pandemic of the infectious disease of COVID-19 has led to state of emergencies having been declared in various countries, travel restrictions being imposed, quarantines being established, and various institutions and companies being closed. The ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on the Issuer and the BDP Group.

The BDP Group's revenue generated from its property development activities in Malta may be negatively impacted through a reduction in price of its units held for resale to third parties, as well as the risk of a downward shift in demand, frequency and volume of such revenue-generating property transactions. The BDP Group's business development may also be delayed or abandoned altogether due to directives which may be issued by the relevant public and health authorities.

Beyond the direct economic impact of COVID-19, the pandemic also poses significant challenges to the continuity, efficacy, and proper functioning of the day-to-day operations of the Group. A spread of such disease amongst the employees of the Group, as well as any self-quarantine measures affecting the employees of the Group may negatively impact the ability of the Group's personnel to carry out their work at full-functionality or capacity which could negatively affect the Group's operations.

Further to the above, the Group may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks. While the final effects of the COVID-19 pandemic are, at this stage, difficult to assess, it is possible that it will have substantial negative effect on the economies which impact the Group operations. These effects may also take place in case of any possible future outbreaks. Any negative effect on the economy may decrease incomes of the end-customers of the BDP Group and the demand for the BDP Group's properties for sale. Such effects may also result in the insolvency of the Group's suppliers, contractors and other counter-parties, which could affect the operations of the BDP Group, as well as its financial standing.

3.4 Operational Risks relating to the BDP Group and its Business

3.4.1 Risks associated with the acquisition, development, and sale of property

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the BDP Group's control, and which could adversely affect the economic performance of the BDP Group and the value of its real estate properties under development. Such factors include:

- general industry trends, including the cyclical nature of the real estate market;



- changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences;
- shortages and, or price increases in raw materials, services or other construction inputs, such as, among others, cement, steel, energy and other utilities, leading to cost overruns;
- insufficiency of resources to complete the projects;
- sales transactions or rental of commercial areas not being made at the prices and, or at the timings envisaged resulting in a liquidity strain or even potential penalties or other financial sanctions or litigation;
- possible structural and environmental problems;
- acts of nature, such as earthquakes and floods, that may damage any of the properties or delay development thereof;
- the inherent risks to health and safety arising from the nature of property development, including the risk of serious injury or even fatality, and the litigations that may arise therefrom; and
- increased competition in the market segment in which the BDP Group operates may lead to an oversupply of residential or commercial properties in such markets, which could lead to a lowering of prices and rental rates and a corresponding reduction in revenue of the BDP Group.

Any of the factors described above could have a material adverse effect on the BDP Group's business, its financial condition and prospects and accordingly on the repayment of the Secured Bonds and interest thereon.

3.4.2 Risks associated with the competitive nature of the property market

The real estate market in Malta is very competitive in nature. An increase in supply and, or a reduction in demand in the property segments in which the BDP Group operates and targets to sell the remaining units in stock and the properties being developed, may cause sales of units forming part of its properties under development to sell at prices which are lower than is being anticipated by the BDP Group or that sales of such units are in fact slower than is being anticipated. If these risks were to materialise, particularly if due to unforeseen circumstances there is a delay in the tempo of sales envisaged by the BDP Group, they could have a material adverse impact on the BDP Group and the Company's ability to repay the Bonds and interest thereon.

3.4.3 Risks associated with property valuations and net realisable value

The valuation referred to in the Prospectus is prepared by independent qualified architects in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors ("RICS"). However, the valuation of property is intrinsically subjective and based on several assumptions at a given point in time. In providing a market value of the respective properties, the architects have made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. Subsequently, the BDP Group may purchase and, or have purchased property on the basis of inaccurate valuations. Moreover, property valuations are largely dependent on current and, or expected market conditions that may fluctuate from time to time. There can be no assurance that such property valuations and property-related assets will reflect actual market values.

3.4.4 Risks associated with the engagement and, or involvement of service providers and associated counterparty risks

The BDP Group relies upon third party or related service providers such as architects, project managers, building contractors, subcontractors, suppliers, and others for the construction and completion and (where applicable) subsequent operation of its property developments. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the BDP Group's expectations and in accordance with their contractual obligations. If these risks were to materialise, the resulting development cost overruns or delays in completion or loss of revenue could have an adverse impact on the Group's business, and its financial condition, results of operations and prospects.

The Guarantor has engaged Best Deal Properties Limited (a third-party company external to the BDP Group) to market and promote the Siggiewi Development through the Best Deal Properties brand and to provide administrative and other services in terms of a services agreement dated 9 November 2022 (a copy of which is available for inspection as described in section 17 below). As such, the timing and volume of sales of units in the Siggiewi Development depend on the strength of the Best Deal Properties brand and the marketing ability of the above-mentioned third-party company. While every effort is expected to be made to ensure a positive relationship between the Guarantor and Best Deal Properties Limited, there is no assurance that events or circumstances in the future may not adversely affect that relationship or that Best Deal Properties Limited will not enforce its contractual rights under the services agreement in a manner that is adverse to the Guarantor and the BDP Group.

3.4.5 Risks relating to cost overruns and delays in completing the BDP Group's projects

The projects being undertaken by the BDP Group (including, *inter alia*, the Siggiewi Development) are susceptible to certain risks inherent in real estate development, most notably the risk of completion within their scheduled completion date and within the budgeted cost. If either or both of these risks were to materialise they could have a significant impact on the financial condition of the Guarantor and the



Issuer, and the ability of the latter to meet its obligations under the Secured Bonds. In particular, the risks of delays and cost overruns could cause actual sales revenues and costs to differ from those projected and which are affected, amongst others, by factors attributable to counterparties, general market conditions, and competition which are beyond the BDP Group's control.

Delays in the time scheduled for completion of the projects may also cause significant delays in the tempo of the sales forecasted by the BDP Group for units within the said projects affected by such delay, which can have a significant adverse impact on the BDP Group's financial condition and cash flows. Similarly, if the projects were to incur significant cost overruns that were not anticipated, the BDP Group may have difficulties in sourcing the funding required for meeting such cost overruns and therefore may risk not completing the projects, which shall have a material adverse impact on the cash flows generated from sales of units in said project development and a material adverse impact on the financial condition of the specific Guarantor and ultimately the Issuer.

During the term of the Secured Bonds, the BDP Group may acquire and develop further properties in addition to the Siġġiewi Development (including, *inter alia*, the Pembroke II Development and the Target Property as defined in sub-section 6.5.3.1 and 6.5.4, respectively). As such, the abovementioned exposure to cost overruns and delays in completing the Siġġiewi Development shall also apply to the construction and development of such additional properties.

3.4.6 Risks relating to funding

The funding of the Siġġiewi Development is partly dependent on the proceeds from the gradual sale of the units in each of the Ongoing Developments and the Siġġiewi Development. In the event that the projected sale of units is not attained or is delayed, the BDP Group may not have sufficient funds to complete the Siġġiewi Development, within the time-frames envisaged in this document, and, or to meet its payment obligations in relation to the construction and finishing of the Siġġiewi Development punctually when due.

3.4.7 Risks related to the image and reputation of the Best Deal Properties brand

The marketing and sale of the BDP Group's projects are promoted through the Best Deal Properties brand, which is operated by a company external to the BDP Group, namely Best Deal Properties Limited. This latter company is principally involved in selling properties of the BDP Group and other third-party developers and owners through the Best Deal Properties brand. As such, the BDP Group's financial performance is influenced by the image, perception and recognition of the Best Deal Properties brand in Malta.

An event, or series of events, that materially damage/s the reputation of the Best Deal Properties brand could have an adverse effect on the tempo of sales and revenues of the BDP Group. Furthermore, any failure by Best Deal Properties Limited to maintain favourable brand recognition could have a significant negative effect on the BDP Group's business, results of operations and financial condition.

3.5 Legal, Regulatory and Compliance Risks

3.5.1 Risks relating to the regulatory environment in which the Group operates

Current laws and regulations, which may be amended from time to time, impose a liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property and property development, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injuries or other damages.

In view of these obligations, the BDP Group may become liable for the costs of removal, investigation or remediation of any substances, including hazardous or toxic substances, that may be located on, or in or which may have migrated from, a property owned or occupied by it, which costs may be substantial. The BDP Group may also be required to remove or remediate any such substances or materials that it causes or knowingly permits at any property that it owns or may in future own.

In addition to environmental constraints, the BDP Group's property development operations are subject to extensive regulations, including national and local regulation and administrative requirements and policies which relate to, among other things, planning, developing, land use, local urban regeneration strategy, fire, health and safety, and others. These regulations often provide broad discretion to the relevant authorities and non-compliance may adversely affect the BDP Group's financial condition, its results of operations and its prospects.

3.5.2 Risks associated with the ability to secure planning and construction consents on a timely basis

Obtaining planning permits, from the competent planning and environment authorities, on a timely basis, is of key importance to the BDP Group's business. There can be no certainty that any given application will result in planning consent being granted, or that if granted, will not be on unduly onerous terms, which, if occurring across a number of developments, may materially and adversely affect the BDP Group's business. Additionally, time delays to the expected timescale for the granting of planning consent may result in a reduction in the number of units that are available for sale within a proposed time frame. Furthermore, local and national planning policies are subject to change, which could consequently impact the BDP Group's development strategy.



3.5.3 Risks relating to the failure to implement sustainable and, or environmental, social and governance considerations in the BDH Group's business model

There is a growing expectation for companies to implement sustainability as a feature in their business strategies to reflect changing social norms and practices. With an increased emphasis on environmental, social and governance ("ESG") considerations at global level, the implementation of sustainable factors in the BDP Group's business model is likely to become under increased scrutiny by investors, regulators, and the public at large. ESG considerations for the purposes of the BDP Group's business may include, *inter alia*, energy performance, energy and resource efficiency, waste management, energy and water use, the use of renewables, as well as social and employment considerations of workers and the health and safety thereof. Should the BDP Group fail to operate its business in a sustainable manner, this may have a material adverse effect on the BDP Group's reputation and public image in both sectors, as well as its relationship with clients, suppliers, and other stakeholders. This, in turn, may have a material adverse impact on the BDP Group's business activities, revenues, financial condition, and operations.

3.5.4 Litigation risk

All industries, including the property development industry, are subject to legal claims, with or without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of litigation and dispute resolution processes, there can be no assurance that the resolution of any legal proceeding or dispute will not have a material adverse effect on the BDP Group's future cash flow, results of operations or financial condition.

4. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL

This Registration Document includes information prepared in compliance with the Capital Markets Rules issued by the MFSA for the purpose of providing Bondholders with information with regard to the Issuer and the Guarantor. Each and all of the Directors of the Issuer whose names appear in sub-section 5.1.1 of this Registration Document accept responsibility for all the information contained in the Prospectus.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Issuer hereby accept responsibility accordingly.

The Registration Document has been approved by the Malta Financial Services Authority as the competent authority in Malta for the purposes of the Prospectus Regulation. The Malta Financial Services Authority has only approved the Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or the BDP Group (as the subjects of the Registration Document).

5. IDENTITY OF THE DIRECTORS, ADVISERS, SECURITY TRUSTEE AND AUDITORS

5.1 Directors of the Issuer and the Guarantor

5.1.1 Directors of the Issuer

As at the date of this Registration Document, the Board of Directors of the Issuer is constituted by the following persons:

Christopher Attard	402867M	Executive Director
Pierre Bartolo	37765M	Executive Director
David Basile	117978M	Executive Director
Robert Buttigieg	389399M	Executive Director
Erskine Vella	191778M	Executive Director
James Bullock	659657M	Chairman, Non-Executive Director
Mario P Galea	522554M	Independent, Non-Executive Director
Maria Carmela <i>sive</i> Marlene Seychell	600063M	Independent, Non-Executive Director

Christopher Attard, Pierre Bartolo, David Basile, Robert Buttigieg and Erskine Vella occupy executive positions within the BDP Group. The other three Directors, being James Bullock, Mario P Galea and Marlene Seychell serve on the Board of the Issuer in a non-executive capacity. Mario P Galea and Marlene Seychell are considered as independent Directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing the independence of Mario P Galea and Marlene Seychell, due notice has been taken of rule 5.119 of the Capital Markets Rules.



The business address of the Directors of the Issuer is 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta.

The Company Secretary of the Issuer is Dr Stephanie Manduca, holder of identity card number 324989M.

The *curriculum vitae* of the Directors of the Issuer are set out in sub-section 10.1 of this Registration Document.

5.1.2 Directors of the Guarantor

As at the date of this Registration Document, the Board of Directors of Best Deal Estates Limited is constituted by the following persons:

Christopher Attard	402867M	Executive Director
Pierre Bartolo	37765M	Executive Director
David Basile	117978M	Executive Director
Robert Buttigieg	389399M	Executive Director
Erskine Vella	191778M	Executive Director

The business address of the Directors of the Guarantor is 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta.

Dr Robert Buttigieg is the Company Secretary of the Guarantor.

The *curriculum vitae* of the Directors and Company Secretary of the Guarantor are set out in sub-section 10.1 of this Registration Document.

5.2 Management Structure

The Issuer and Guarantor are managed directly by their respective board of directors. In managing each development project, the directors of the Guarantor are supported by a number of external consultants who are appointed as required.

The Directors believe that the current organisational structure is adequate for the present activities of the Group. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

5.3 Advisers to the Issuer

As at the date of the Prospectus, none of the advisers named below have any beneficial interest in the share capital of the Issuer or any other member of the BDP Group. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or any other member of the BDP Group with any of the advisers referred to below. The organisations listed below have advised and assisted the Directors in the drafting and compilation of the Prospectus and the Security Trust Deed, as applicable.

Legal counsel: Zammit Pace Advocates
Address: 35, St Barbara Bastions, Valletta VLT 1961, Malta

Sponsor, Manager & Registrar: M.Z. Investment Services Limited
Address: 61, St Rita Street, Rabat RBT 1523, Malta

Financial advisers: Grant Thornton
Address: Fort Business Centre, Floor 2, Triq l-Intornjatur, Zone 1, Birkirkara CBD 1050, Malta

5.4 Security Trustee

Name: Finco Trust Services Limited
Address: Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1281, Malta

Finco Trust Services Limited is duly authorised and qualified to act as a trustee or co-trustee in terms of the Trusts and Trustees Act (Chapter 331 of the laws of Malta).

5.5 Auditors

Name: RSM Malta
Address: Mdina Road, Zebbug ZBG 9015, Malta

The annual statutory financial statements of the Issuer for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 were audited by RSM Malta of Mdina Road, Zebbug ZBG 9015, Malta.



In relation to the Guarantor, no audited financial statements have been prepared since incorporation to the date of this Registration Document.

RSM Malta (accountancy board registration number AB/26/84/53) is a firm registered as a partnership of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).

6. INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE BDP GROUP

6.1 The Issuer

Full legal and commercial name of the Issuer:	Best Deal Properties Holding p.l.c.
Registered address:	63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta
Place of registration and domicile:	Malta
Registration number:	C 88974
Date of registration:	23 October 2018
Legal Entity Identifier (“LEI”):	485100A1WBOSGJKWHT04
Legal form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone number:	2169 2279
Email address:	info@bestdealholdings.com
Website*:	www.bestdealholdings.com

**The information on the Issuer’s website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus.*

As at the date of the Prospectus, the authorised share capital of the Issuer is three hundred fifty thousand Euro (€350,000) divided into three million five hundred thousand (3,500,000) ordinary shares of ten Euro cents (€0.10) each. The issued share capital of the Issuer is three hundred twelve thousand five hundred Euro (€312,500) divided into three million one hundred twenty-five thousand (3,125,000) ordinary shares of ten Euro cents (€0.10) each, fully paid up. At present, the shares in the Issuer are subscribed to and held as indicated in sub-section 13.1 of this Registration Document.

The principal object of the Issuer is that of a holding company and to promote, including through its Subsidiaries, the acquisition and development of real estate properties. As such, the Issuer is mainly dependent on the business prospects of its operating subsidiaries.

The projects embarked upon by the BDP Group are typically undertaken through special purpose vehicles established for that project/s, and each special purpose vehicle is managed through its board of directors, which has common members with the directors of the Issuer.

With regards to marketing and sales, each project is promoted through the Best Deal Properties brand, which is operated by Best Deal Properties Limited, a company external to BDP Group and owned by Christopher Attard and Erskine Vella, both founding members of the BDP Group. In terms of a services agreement dated 9 November 2022 (a copy of which is available for inspection as described in section 17 below), between Best Deal Properties Limited (the service provider) and the Guarantor, the former company shall charge an aggregate fixed fee of €105,000 for the provision of marketing services (including services rendered by the sales team and advertising expenses) in relation to the Siġġiewi Development. Furthermore, an administration fee of €2,000 for each unit (excluding garages) forming part of the Siġġiewi Development shall be due by the Guarantor to Best Deal Properties Limited for support services in connection with the Group’s business operations.

Save for the above, the Issuer is not dependent on other entities within the BDP Group or outside the BDP Group with respect to the management of the Projects.

The Issuer operates exclusively in and from Malta.

6.2 The Guarantor

Full legal and commercial name of the Issuer:	Best Deal Estates Limited
Registered address:	63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta
Place of registration and domicile:	Malta
Registration number:	C 102444
Date of registration:	31 May 2022
Legal Entity Identifier (“LEI”):	485100MD2OKINQMXVG21
Legal form:	The Guarantor is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone number:	2169 2279
Email address:	info@bestdealholdings.com
Website*:	www.bestdealholdings.com

**The information on the Guarantor’s website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus.*



The Guarantor is a private limited liability company, registered and operating in Malta in terms of the Act with company registration number C 102444. It has an authorised and issued share capital of one thousand two hundred Euro (€1,200) divided into one thousand two hundred (1,200) ordinary shares of €1 each, fully paid up. At present, the shares in the Guarantor are subscribed to and held as indicated in sub-section 13.3 of this Registration Document.

The Guarantor's principal objective is to purchase properties for the development of residential units. In the immediate term, the Guarantor shall acquire the Siggiewi Site, and to construct and develop the Siggiewi Development.

The Guarantor is dependent on the Issuer as to the amount of Bond Issue net proceeds that will be on-lent to it by the Issuer, in terms of the Securities Note. The Guarantor is not dependent on other entities within the BDP Group.

The Guarantor operates exclusively in and from Malta.

6.3 History and Development of the BDP Group

The partnership between the founding shareholders of the BDP Group, Christopher Attard, Erskine Vella, John Buttigieg and Pierre Bartolo, commenced in 2016 through the incorporation of Elite Developments Limited, with the principal scope of acquiring the sites over which two residential apartment blocks – Crystal Court and Blue Moon Court, both located in Marsascala – have been constructed. In 2018, a second company – PJCE Properties Limited – was established to acquire and develop Garnet Court, in Mqabba.

Christopher Attard has over 30 years' experience in the property development business, whilst Erskine Vella worked as an estate agent for *circa* 14 years before setting up the Best Deal Properties brand with Mr Attard in 2011 to market property in Malta (the establishment and operation of the said brand is unrelated to the BDP Group). Their business development strategy is to engage in property developments through own companies or entities established with third party investors. In all cases, projects involving Mr Attard and Mr Vella are marketed through the Best Deal Properties brand, which is particularly known for its offerings to first-time and mid-tier property buyers in the south of Malta. Elite Developments Limited and PJCE Properties Limited were set up on the same basis of operations. John Buttigieg and Pierre Bartolo were mainly involved in the catering industry, through their stakes in Buttigieg Holdings Ltd, before venturing into property development in 2016. Buttigieg Holdings Ltd was fully acquired in same year by International Hotel Investments p.l.c. (a public company listed on the Malta Stock Exchange). On 9 November 2018, John Buttigieg transferred his equity holding in Elite Developments Limited and PJCE Properties Limited to RCJ Investments Limited (C 88743), a company owned by his three children.

For the purpose of a re-organisation of the BDP Group, the Issuer was established on 23 October 2018, as a public limited liability company registered under the Act, and each existing shareholder subscribed to 15,000 fully paid-up ordinary shares of €1 each (being €60,000 in aggregate). On 13 November 2018, the Company became the parent company of Elite Developments Limited and PJCE Properties Limited through a share-for-share exchange. Pursuant to the above, the issued share capital of the Company was increased to €250,000, divided into 250,000 ordinary shares of a nominal value of €1 each, fully paid up.

Furthermore, through two assignment of debt agreements both dated 31 October 2018, shareholders' loans amounting to €2.3 million (in aggregate) were transferred from Elite Developments Limited and PJCE Properties Limited to the Company. The said shareholders' loans have no fixed redemption date, do not carry any right to payment of interest and are ranked as subordinated debt.

On 31 October 2018, Best Deal Developments Limited was incorporated as a wholly-owned subsidiary of the Issuer. In December 2018, the Company issued 4.25% secured bonds due 2024 pursuant to the 2018 Prospectus, of a nominal value of €100 per bond and of an aggregate nominal value of €16,000,000, and having ISIN MT0002121201 (the "Existing Bonds"). The balance of Existing Bonds as at 1 August 2022 amounted to €9,183,200. The 2018 Bond Issue was issued by the Company for the purposes of acquiring three sites in Zabbar, Mellieħa and Pembroke and developing thereon the Zabbar Development, the Mellieħa Development and the Pembroke I Development, respectively.

The Existing Bonds are guaranteed by Best Deal Developments Limited and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the Existing Bonds (the "Existing Bonds Security Interest"):

- (i) the first ranking general hypothec for the full nominal value of the Existing Bonds and interests thereon over all the present and future property of the Company and Best Deal Developments Limited;
- (ii) the first ranking special hypothec for the full nominal value of the Existing Bonds and interests thereon over the land on which each of the Pembroke I Development, the Mellieħa Development and the Zabbar Development has been / is being developed together with all and any constructions to be developed thereon;
- (iii) the special privilege in accordance with the provisions of article 2010(c) of the Civil Code (Chapter 16 of the laws of Malta) for the amounts of: (a) *circa* €0.8 million (or such other amount according to law) over the site of the Pembroke I Development; (b) *circa* €3.2 million (or such other amount according to law) over the site of the Mellieħa Development; and (c) *circa* €7.6 million (or such other amount according to law) over the site of the Zabbar Development; and
- (iv) the joint and several guarantee, dated 3 December 2018 granted by Best Deal Developments Limited as security for the punctual performance of the Issuer's payment obligations under the 2018 Bond Issue, subject to the terms and conditions contained in the security trust deed signed between the Issuer, Best Deal Developments Limited and the Security Trustee, dated 03 December 2018.



On 29 June 2019, the Issuer implemented a 10 for 1 share split, and accordingly the issued share capital of the Company amounted to 2,500,000 ordinary shares of €0.10 each.

On 30 October 2019, the Group raised further equity from a new investor – C Developments Limited, which acquired 20% of the Company through an offer for subscription of 625,000 new ordinary shares of a nominal value of €0.10 each at a share issue price of €1.60 (the “New Shares”), in terms of a Company Admission Document issued by the Company and dated 21 August 2019. The New Shares, together with the 2,500,000 existing ordinary shares of the Company were admitted to Prospects MTF on 22 August 2019. Moreover, C Developments Limited advanced to the Company an amount of €1,200,000 (the “New Shareholder’s Loan”) to further assist the BDP Group with ongoing working capital requirements.

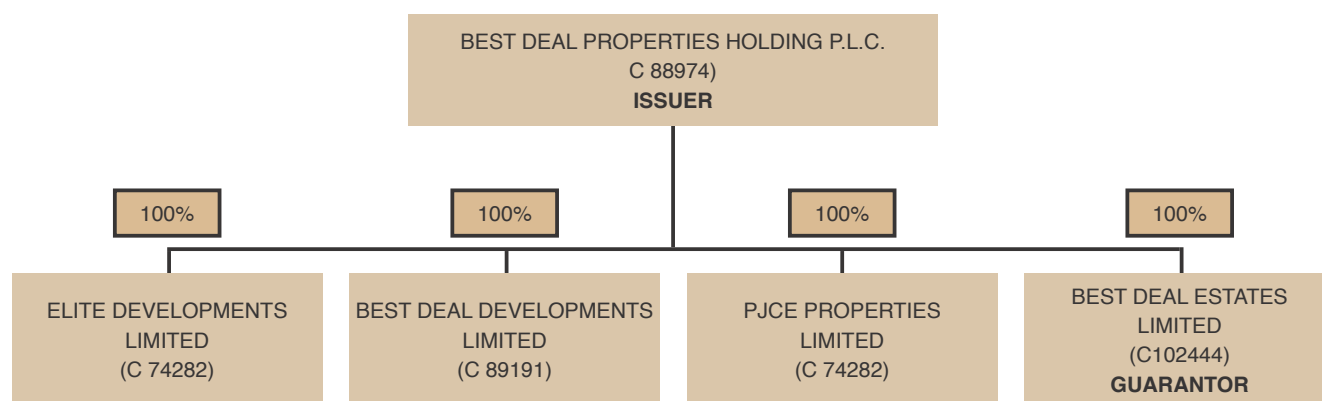
Pursuant to the issue and allotment of the New Shares in favour of C Developments Limited and the New Shareholder’s Loan, the BDP Group’s capital was strengthened through a cash injection of €2.2 million which enabled the Group to accelerate the development of the Zabbar Development, the Mellieha Development and the Pembroke I Development.

On 31 May 2022, the Guarantor was set up as a wholly-owned subsidiary of the Company to acquire the Siggiewi Site and develop the Siggiewi Development.

Following the completion of the respective deeds of acquisition of the Siggiewi Site (as detailed in section 6.5.3 below), which are expected to take place following the Bond Issue, the Company will have the indirect legal and beneficial interest and control over the Siggiewi Development.

6.4 Organisational Structure

The diagram below indicates the structure of the BDP Group as at the date of this Prospectus:



The above subsidiary companies of the Issuer are property companies and have their registered office at 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta.

PJCE Properties Limited is responsible for the development of Garnet Court, in Mqabba. As at the date of this Prospectus, a few units remain in stock which are projected to be sold by the end of 2022.

Elite Developments Limited was involved in the development of Crystal Court and Blue Moon Court, both located in Marsascala and both of which are now fully sold.

Best Deal Developments Limited is engaged in the Ongoing Developments. Information regarding the Ongoing Developments is provided in sub-section 6.5.2 below. Best Deal Developments Limited will also be engaged in the construction and development of the Pembroke II Development (as defined in sub-section 6.5.3 below), which is expected to commence in the second quarter of 2023. Information regarding the Pembroke II Development is set out in sub-section 6.5.3 below.

As indicated in section 6.2 above, the Guarantor’s principal objective is to purchase properties for the development of residential units. In the immediate term, the Guarantor shall acquire the Siggiewi Site, and to construct and develop the Siggiewi Development, as set out in more detail in section 6.5.3.2 below.

6.5 Overview of the Group’s Business and Investments

The Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. Accordingly, the Issuer is economically dependent principally on the operational results, financial condition and performance of its borrower Group companies.

The principal activity of the Group is the acquisition and development of real estate.

As described in section 6.3 above, the BDP Group initiated operations in 2016 through the acquisition of a site in Marsascala and the development of Crystal Court project. The success of this project encouraged the Group to embark on further projects, many of which have been completed or which are in the process of being completed.

The BDP Group places strong focus on sustainability in the development of its projects. The principal objective of its approach to sustainable property development is ultimately to minimise the negative impact of development on the environment and to maximise the sustainable use of resources. By implementing energy efficient solutions in the construction and finishing of its properties, particularly through the use of efficient building techniques and durable materials and systems, the aim of the BDP Group is to extend the durability and functionality of its properties-for-sale.

A brief overview of each of the projects which have been completed by the BDP Group and those in the course of development are provided hereunder, in sub-sections 6.5.1 and 6.5.2, respectively. An overview of the two new projects that are expected to be carried out during the course of 2022 and 2023, namely the Pembroke II Development and the Siggiewi Development, is provided in sub-section 6.5.3. Furthermore, an overview of the prospective developments of the BDP Group is provided in sub-section 6.5.4.

6.5.1 Completed Projects

6.5.1.1 Crystal Court - Marsascala

Elite Developments Limited completed the development of Crystal Court in Marsascala comprising two blocks of 30 garages, five maisonettes, seven two-bedroomed apartments, 11 three-bedroomed apartments and two three-bedroomed penthouses. The total cost (including land acquisition) amounted to *circa* €3.4 million. The expenditure was financed principally through a bank loan of €1.9 million and the remaining balance from own funds. Aggregate revenue generated from this project amounted to €4.8 million.

6.5.1.2 Blue Moon Court- Marsascala

Elite Developments Limited completed the Blue Moon project, located in Marsascala, which comprised two blocks consisting of 19 garages, five maisonettes, 15 three-bedroomed apartments and three penthouses. The total cost, including acquisition of the site and completion of the project, amounted to €5.5 million, which was partly financed through a bank loan of €3.1 million. All units and garages were sold generating a total revenue of €7.2 million.

6.5.1.3 Garnet Court - Mqabba

PJCE Properties Limited completed the Garnet Court project, in Mqabba, which comprised 33 garages, two maisonettes at ground floor level, 23 apartments and three penthouses. The total cost, including acquisition of the site and completion of the project amounted to €6.2 million, which was funded through bank borrowings, deposits received from execution of promise of sale agreements and Group cash flows. Aggregate revenue generated from this project amounted to €7.7 million.

6.5.2 Ongoing developments

6.5.2.1 Zabbar Development

The Zabbar Development comprises the construction of nine blocks consisting of 24 maisonettes, 81 apartments (spread over three floors) and 22 penthouses and 198 underlying garages. Four of the afore-mentioned nine blocks enjoy open country views from the front terraces as they face a green area.

As at 30 June 2022, construction of all blocks was 100% complete, while finishes were 86% complete. Revenue generated from the Zabbar Development as at 30 June 2022 was €21.6 million. The acquisition cost of *circa* €8.0 million was funded out of the 2018 Bond Issue proceeds. Aggregate revenue generated from this project is expected to amount to €37.3 million.

6.5.2.2 Mellieħa Development

The Mellieħa Development has been split into three blocks, with two levels of garages (55 garages) and seven maisonettes at ground floor level, 35 apartments spread over five levels and seven penthouses. The units comprise a mix of one-bedroomed, two-bedroomed and three-bedroomed apartments and panoramic views will be visible from the sixth and seventh levels.

Full completion of the project is scheduled for 2023 and is principally being financed from 2018 Bond Issue proceeds, revenue generated from the Mellieħa Development and other sources of funds of the BDP Group.

As at 30 June 2022, the construction of all blocks was 100% complete, while finishes were 10% complete. Sale of units from the Mellicha Development are expected to generate *circa* €15.4 million in total revenue.

6.5.2.3 Pembroke I Development

The Pembroke I Development comprises seven garages, two maisonettes, four three-bedroomed apartments and two three-bedroomed duplex penthouses.

As at 30 June 2022, construction was 100% complete, whilst finishes were 95% complete. The acquisition cost (excluding deposits) of *circa* €1.4 million was funded out of the 2018 Bond Issue proceeds as to €0.9 million and a balance of €0.5 million was settled in kind, through the assignment of a penthouse at Blue Moon Court, Zabbar. Aggregate revenue generated from this project is expected to amount to €1.4 million.

6.5.3 New developments

The Issuer, through its subsidiaries, is expected to carry out two new projects during the course of 2022 and 2023, namely the Pembroke II Development and the Sigġiewi Development, as follows:

6.5.3.1 Pembroke II Development

On 9 June 2021, Best Deal Developments Limited entered into a promise of exchange agreement where it was agreed to promise to exchange a duplex penthouse and a garage forming part of the Pembroke I Development for a new site located in Pembroke, valued at €750,000. The project will convert this site to a block of apartments comprising two maisonettes at ground level, four apartments at first and second floor levels, two duplex penthouses at third and fourth levels, and six basement garages. The project costs are expected to amount to €2.0 million and will be financed through the profits generated from the Ongoing Developments which are presently being undertaken by the same entity, that is Best Deal Developments Limited.

6.5.3.2 Sigġiewi Development

Acquisition of the Sigġiewi Site

On 23 January 2018, C&E Developments Limited (a company jointly owned by Mr Christopher Attard and Mr Erskine Vella), amongst others (the “**Assignors**”), entered into a promise of sale agreement to acquire the portion of land forming part of the lands known as tal-Ghasfura, located in Sigġiewi, which plot of land measures *circa* 4,980sqm (“**Sigġiewi Site Portion 1**”) from its current owners for the price of seven million Euro (€7,000,000). On 6 October 2022, the Guarantor entered into an assignment agreement with the Assignors, wherein the Assignors promised to cede and assign to the Guarantor (as assignee), who promised to accept, all rights and obligations of the said Assignors in respect of the Sigġiewi Site Portion 1 resulting from the aforementioned promise of sale agreement, for a consideration of one million nine hundred thousand Euro (€1,900,000).

On 09 May 2019, C&E Developments Limited (amongst others) entered into a promise of exchange agreement to acquire the divided portion of land forming part of the lands known as tal-Ghasfura, located in Sigġiewi, measuring *circa* 164sqm (“**Sigġiewi Site Portion 2**”) from its current owners in exchange for the plot of land forming part of Sigġiewi Site Portion 1, measuring *circa* 422sqm. On 18 October 2022, the Guarantor entered into an assignment agreement with C&E Developments Limited (amongst others), wherein the latter promised to cede and assign to the Guarantor (as assignee), who promised to accept, all rights and obligations of C&E Developments Limited in respect of the said portion of land forming part of Sigġiewi Site Portion 1 resulting from the aforementioned promise of exchange agreement.

On 10 May 2022, Best Deal Developments Limited entered into a promise of sale agreement to acquire one half undivided share of the plot of land forming part of the lands known as ta' Kurceppu, located in Sigġiewi, which plot of land measures *circa* 530sqm (“**Sigġiewi Site Portion 3**”) from its current owners for the price of one hundred sixty-five thousand Euro (€165,000). Furthermore, on 18 May 2022, Best Deal Developments Limited entered into a promise of sale agreement to acquire the other one-half undivided share of Sigġiewi Site Portion 3 from its current owners for the price of one hundred sixty-five thousand Euro (€165,000). On 18 October 2022, the Guarantor entered into an assignment agreement with Best Deal Developments Limited, wherein Best Deal Developments Limited promised to cede and assign to the Guarantor (as assignee), who promised to accept, all rights and obligations of Best Deal Developments Limited in respect of the Sigġiewi Site Portion 3 resulting from the aforementioned promise of sale agreements.

On 18 May 2022, Best Deal Developments Limited entered into a promise of sale agreement to acquire the plot of land forming part of the lands known as ta' Kurceppu, located in Sigġiewi, which plot of land measures *circa* 210sqm (“**Sigġiewi Site Portion 4**”) from its current owners for the price of one hundred thousand Euro (€100,000). On 18 October 2022, the Guarantor entered into an assignment agreement with Best Deal Developments Limited, wherein Best Deal Developments Limited promised to cede and assign to the Guarantor (as assignee), who promised to accept, all rights and obligations of Best Deal Developments Limited in respect of the Sigġiewi Site Portion 4 resulting from the aforementioned promise of sale agreement.



On 10 May 2022, Best Deal Developments Limited entered into a promise of sale agreement to transfer to a third party a portion of land forming part of Siġġiewi Site Portion 3 and Siġġiewi Site Portion 4, measuring *circa* 477sqm, for the price of ten thousand Euro (€10,000). On 26 October 2022, the Guarantor entered into an assignment agreement with Best Deal Developments Limited, wherein Best Deal Developments Limited promised to cede and assign to the Guarantor (as assignee), who promised to accept, all rights and obligations of Best Deal Developments Limited in respect of the said portion of land forming part of Siġġiewi Site Portion 3 and Siġġiewi Site Portion 4 resulting from the aforementioned promise of sale agreement.

Subject to the successful issue and allocation of the Secured Bonds, the Issuer will enter into the Loan Agreement, by virtue of which part of the proceeds of the Bond Issue will be made available to the Guarantor for the acquisition of the relevant portions comprising the Siġġiewi Site, as set out in more detail in sub-section 5.1 of the Securities Note. The final deeds of sale pertaining to the relevant portions comprising the Siġġiewi Site are expected to take place following receipt of the proceeds from the Bond Issue.

Planning Permits

The Siġġiewi Site is located within a rationalisation scheme and, accordingly, the Assignors were required (as per the terms of the promise of sale pertaining to Siġġiewi Site Portion 1) to file a PC application in order to designate the site as residential with a height limitation of three floors plus an underlying semi-basement. The PC application (PC/99/18) was approved by the Planning Authority on 17 February 2022.

Following the approval of the PC Application, the Assignors proceeded to file three separate Planning Authority applications (PA/2122/22, PA/2536/22 and PA/2935/22, respectively) for the development of the Siġġiewi Site into the Siġġiewi Development, which were approved by the Planning Authority on 13 October 2022, 26 October 2022 and 01 November 2022, respectively.

Construction and Development

The Siġġiewi Development comprises 20 maisonettes, 60 apartments and 15 penthouses. The sizes vary, and include one, two and three bedroomed units. The development also includes 155 lock-up garages, two stores and one substation organised on two basement levels (levels -1 and -2).

Development is set to commence in 2023 and is expected to be completed by end of 2026 at an estimated cost of *circa* €16.6 million. The total estimated revenue from the Siġġiewi Development is estimated at €37,000,000.

As with the completed and ongoing projects, the Siġġiewi Development will be marketed under the Best Deal Properties brand, and will thus have exposure on the brand's website – www.bestdealmalta.com and benefit from other media coverage.

The Directors have acquired considerable knowledge in developing and marketing similar projects and accordingly, are confident that the actual outcome of the Siġġiewi Development will at least be in line with expectations. The Directors believe that, given the location of the Siġġiewi Development, the layout of the units and the proposed level and standard of finishes, the Siġġiewi Development will be a competitive offering for prospective buyers wishing to acquire a residential property. The target buyers are principally first-time to mid-tier Maltese customers, and may also appeal to investors wishing to maximise rental income potential.

Further information on the Siġġiewi Development is included in the Property Valuation Report.

6.5.4 Future developments

In furtherance of its business model geared towards steady cash flow generation through the acquisition and development of real estate, the Issuer intends to further grow the Best Deal brand and enhance the reputation it has garnered in the local market as a leading property developer.

In pursuit of this objective, the wholly owned subsidiary of the Issuer, Best Deal Developments Limited, has entered into a promise of sale agreement dated 03 October 2022 for the acquisition of the portion of land located in Mellieħa, which extends over and into one half of the fronting streets called Triq it-Tunnara and Triq id-Denċi, and slightly less than one half on Triq it-Tumbrell, free and unencumbered from the obligation of payment of or conditions related to groundrent and, or emphyteutical or other burdens, free from third party servitudes, with its airspace and subterranean levels and with guaranteed vacant possession (the “**Target Property**”), for the price of €7.8 million. This is expected to be financed through additional borrowings expected to take place in 2023.

The final deed of sale and purchase is conditional, *inter alia*, on Best Deal Developments Limited managing to obtain, at its expense, by no later than seventeen (17) months from the date of the abovementioned promise of sale, a fully executable development permit to be applied for by Best Deal Developments Limited. The promise of sale shall remain valid and effective up to 03 April 2024.



The acquisition is intended to be developed into a residential development comprising 72 apartments spanning over nine floors, one large penthouse referred to as 'Sky Villa' and 108 garages. Pursuant to the terms of the said promise of sale, Best Deal Developments Limited is vested with a right of substitution and, or assignment in favour of any third-party company/ies in which the ultimate beneficial owners of Best Deal Developments Limited have a direct or indirect shareholding. The Board of Directors of the Issuer understands that such right of assignment is due to be exercised with a view to the Guarantor appearing on the final deed of sale for the acquisition of the Target Property. In addition to the above, the Guarantor may seek to identify additional properties for acquisition and subsequent development.

6.6 Collateral granted in favour of the Security Trustee

Security for the fulfilment of the Issuer's Bond Obligations in terms of the Bond Issue is to be granted in favour of the Security Trustee for the benefit of Bondholders, by way, *inter alia*, of the granting of the Collateral as described in further detail in sub-section 5.7 of the Securities Note. The security shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the Central Securities Depository of the Malta Stock Exchange. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds.

7. FINANCING AND SOLVENCY

There are no recent events particular to the Issuer or the Guarantor which are to a material extent relevant to an evaluation of their respective solvency.

No credit ratings have been assigned to the Issuer or the Guarantor at the request or cooperation of the said Issuer or (as the case may be) the Guarantor in the rating process.

The Directors are not aware of any material change in the Issuer's borrowing and funding structure since the end of their latest financial year ending 31 December 2021 and of any material change in the Guarantor's borrowing and funding structure since the date of its incorporation. The Directors expect the Issuer's and the Guarantor's working capital and funding requirements to be met by a combination of the following sources of finance: (i) retained earnings and cash flow generated by the Group's operations; (ii) external bank credit and loan facilities; and (iii) the net proceeds from the Secured Bonds.

8. TREND INFORMATION

The Directors are of the view that the Issuer, Guarantor and the BDP Group shall, generally, be subject to the normal business risks associated with the property market in Malta and, barring unforeseen circumstances, does not anticipate any likely material adverse effect on the Issuer's, the Guarantor's and the BDP Group's prospects, at least up to the end of 2023.

In 2021, the Maltese economy rebounded strongly by 10.4%, on account of improved business and consumer sentiment and growth in investment and services exports. In 2022, real GDP growth is forecast to reach 4.9%, which is higher than projected in spring (4.2%), given the expected stronger gains in the services sector, although tampered by the negative impacts of Russia's invasion of Ukraine. Growth in 2022 is expected to be driven by domestic consumption and net exports. Based on air passenger data projections by Eurocontrol¹, the export of tourism services is on course to a very rapid rebound in 2022 with full recovery expected by 2023, contributing to growth in both years. In 2023, real GDP is forecast to increase at a slower pace, but still by a robust 3.8%, affected by a general economic slowdown of its main trading partners, but partially compensated by continued growth of tourism and other services exports.

In June 2022, Malta was removed from the list of jurisdictions under increased monitoring by the Financial Action Task Force (the international standard setting body on anti-money laundering/countering the financing of terrorism). This positive outcome removed the related limited downside risks flagged in previous forecast rounds.

Inflation in 2021 increased only moderately by 0.7% as energy prices were kept unchanged by state interventions and hedging contracts for gas supply. While the authorities have committed to continue limiting energy price growth in 2022, the strong increase in inflation in the first two quarters of 2022 indicates that rising international energy and commodity prices are affecting Malta's prices indirectly. Inflation in 2022 is set to rise to 5.6%. The increases in food, transport and imported goods prices, and a continued recovery in the tourism and hospitality services are set to drive up price pressures also in 2023, with inflation remaining elevated at 3.3%.²

¹ The European Organisation for the Safety of Air Navigation, commonly known as Eurocontrol, is an international organisation working to achieve safe and seamless air traffic management across Europe.

² Economic Forecast – Summer 2022 (European Commission Institutional Paper 183 July '22).

The NSO's Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. However, the annual rate of change slowed down to 4.5% in the last quarter of 2021 from 5.9% in the third quarter of 2021. Moreover, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 9.4%.

Notwithstanding the slower growth recorded in the fourth quarter of 2021, the annual average house price inflation remains close to that recorded in the last four years before the pandemic. At the same time, residential property prices seem to have returned to a growth trend following the slowdown in growth during the initial stages of the pandemic. In Q1 2022 and Q2 2022, the annual percentage rate of change increased from 4.5% in Q4 2021 to 6.8% and 7.7%, respectively.

Residential property prices are being supported by numerous factors, including the low-interest rate environment and a number of Government schemes, which include the temporary measures launched following the pandemic. Such schemes reflect, for example, lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, in 2020, the property tax and stamp duty on the first €400,000 of the value of the transfer were reduced to 5.0% and 1.5% respectively. Moreover, Budget 2021 and Budget 2022 extended or introduced more incentives supporting the property market that were in place before the pandemic.¹

The Group's long-term strategy is to focus on acquiring suitable sites for the development of residential units.

The response from investors in regard to the projects of the BDP Group has shown that there is active demand for real estate in Malta, which is still supporting a steady increase in prices notwithstanding the rise in the number of developments undertaken in Malta in the last few years and others which are due to commence in the near term, over and above the uncertainties that continue to persist as a consequence of the COVID-19 pandemic and inflationary concerns.

As such, the Directors are cautiously optimistic on the health of the Maltese property market, which opinion is based on the assumption that the general economy will continue to gradually return to pre-COVID-19 levels within a short period of time without adversely impacting business confidence, primary industries such as hospitality and disposable incomes.

There has been no material adverse change in the prospects of the Issuer and the BDP Group since 31 December 2021 (being the date of its last published audited financial statements). Furthermore, there has been no significant change in the financial performance of the Issuer and the BDP Group since 30 June 2022 (being the date of the last financial period for which financial information has been published) to the date of the Prospectus.

9. FINANCIAL INFORMATION

9.1 Selected Financial Information: The Issuer

The historical financial information about the Issuer is included in the audited consolidated financial statements for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021. The interim financial information about the Issuer is extracted from the unaudited condensed consolidated financial information for the six-month period beginning 1 January 2022 up to 30 June 2022.

The said financial statements have been published and are available at the Issuer's website (www.bestdealholdings.com) and are also available for inspection at the Issuer's registered office as set out under the heading "*Documents available for inspection*" in section 17 of this Registration Document. The said financial information is incorporated by reference in this Registration Document.

¹ Central Bank of Malta Quarterly Review (2022 Vol. 55 No. 2; pages 57 and 58).



Best Deal Properties Holding plc Condensed Consolidated Income Statement	for the year ended 31 December			for the 6-mth period ended 30 June	
	2019	2020	2021	2021	2022
	Audited	Audited	Audited	Unaudited	Unaudited
	€'000	€'000	€'000	€'000	€'000
Revenue	883	10,952	20,060	5,703	6,341
Cost of sales	(764)	(8,760)	(15,603)	(4,233)	(4,650)
Administrative expenses	(693)	(779)	(662)	(348)	(240)
Operating profit	(574)	1,413	3,795	1,122	1,451
Finance income	-	4	30	-	-
Finance costs	(28)	(104)	(152)	(68)	(207)
Gain on bargain purchase	515	-	-	-	-
Profit/(loss) before tax	(87)	1,313	3,673	1,054	1,244
Taxation	(38)	(551)	(908)	(272)	(249)
Profit/(loss) for the year	(125)	762	2,765	782	995

In FY2020, the BDP Group generated revenue of €11.0 million, principally from the sale of units in Blue Moon Court (€6.8 million) and the Zabbar Development (€4.2 million). Operating profit for the said year amounted to €1.4 million. Overall, the Group reported a net profit after tax of €0.8 million.

In FY2021, the BDP Group generated revenue amounting to €20.0 million compared to €11.0 million in FY2020 (+83%). Approximately 57% of revenue was derived from sales of units forming part of the Zabbar Development and *circa* 34% from Garnet Court. Operating profit for the year amounted to €3.8 million, an increase of €2.4 million from a year earlier. The Group reported a net profit of €2.8 million (FY2020: €0.8 million).

As at 30 June 2022, the construction of the Zabbar Development consisting of two garage levels and nine apartment blocks was completed. The finishing works have also progressed in most of the blocks as only three remain to be finished. The construction of the Pembroke Development was completed in 2021 and as at 30 June 2022 the finishing works were 95% completed. The construction of the Mellieħa Development was completed in the first quarter of 2022 and finishings are 10% completed as at 30 June 2022.

For the six-month period ended 30 June 2022, the Group generated €6.3 million in revenue compared to €5.7 million in the same period a year earlier. The majority of said revenue was derived from the sale of residential units and garages forming part of the Zabbar Development. Operating profit amounted to €1.5 million in HY2022 compared to €1.1 million in HY2021. Overall, the Group reported a profit for the interim period of €1.0 million (HY2021: €0.8 million).

Best Deal Properties Holding plc				
Condensed Consolidated Statement of Financial Position				
	31 Dec'19	31 Dec'20	31 Dec'21	30 Jun'22
	Audited	Audited	Audited	Unaudited
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Property, plant and equipment	1	1	1	1
Goodwill	43	43	43	43
Deferred tax asset	21	111	108	108
Sinking fund reserve	-	875	3,365	429
	<u>65</u>	<u>1,030</u>	<u>3,517</u>	<u>581</u>
Current assets				
Inventories	26,432	25,682	19,626	18,502
Trade and other receivables	156	279	1,148	1,074
Income tax assets	-	-	23	2
Cash and cash equivalents	801	462	247	992
	<u>27,389</u>	<u>26,423</u>	<u>21,044</u>	<u>20,570</u>
Total assets	<u>27,454</u>	<u>27,453</u>	<u>24,561</u>	<u>21,151</u>
EQUITY				
Capital and reserves				
Called up share capital	313	313	313	313
Share premium	938	938	938	938
Shareholders' loans	2,324	2,324	2,324	2,324
Retained earnings/(accumulated losses)	(209)	553	3,318	4,063
	<u>3,366</u>	<u>4,128</u>	<u>6,893</u>	<u>7,638</u>
LIABILITIES				
Non-current liabilities				
Secured bonds	15,671	15,022	13,296	9,022
Borrowings	2,548	1,200	1,200	1,200
	<u>18,219</u>	<u>16,222</u>	<u>14,496</u>	<u>10,222</u>
Current liabilities				
Borrowings	3,050	3,574	660	496
Trade and other payables	1,068	1,925	1,572	2,235
Other creditors: deposits	1,749	1,584	940	560
Current income tax liabilities	2	20	-	-
	<u>5,869</u>	<u>7,103</u>	<u>3,172</u>	<u>3,291</u>
	<u>24,088</u>	<u>23,325</u>	<u>17,668</u>	<u>13,513</u>
Total equity and liabilities	<u>27,454</u>	<u>27,453</u>	<u>24,561</u>	<u>21,151</u>



The BDP Group's statement of financial position as at 31 December 2021 comprised total assets of €24.5 million (FY2020: 27.5 million), primarily made up of inventory (being property development work-in-progress) and cash balances (including sinking fund reserve).

Total equity increased by €2.8 million to €6.9 million on account of the net profit registered during the year. Aggregate liabilities amounted to €17.7 million, a decrease of €5.7 million compared to FY2020. During the year, Existing Bonds and short-term borrowings were reduced by €4.6 million to €14.0 million. Other liabilities include deposits received on promise of sale agreements amounting to €0.9 million (FY2020: €1.6 million).

During the six-month period ended 30 June 2022, the Group reduced the balance of outstanding Existing Bonds by €4.3 million to €9.0 million. Such repurchases were financed from the sinking fund reserve, which decreased by €2.9 million to €0.4 million, and accumulated cash reserves. As at 30 June 2022, deposits from clients on promise of sale agreements amounted to €0.56 million compared to €0.94 million as at 31 December 2021. Inventories, which represent property development, amounted to €18.5 million as at 30 June 2022 (2021: €19.6 million).

Best Deal Properties Holding plc Condensed Consolidated Cash Flow Statement	for the year ended 31 December			for the 6-mth period	
	2019	2020	2021	2021	2022
	Audited	Audited	Audited	Unaudited	Unaudited
	€'000	€'000	€'000	€'000	€'000
Net cash from operating activities	(24,001)	2,178	7,134	1,012	2,883
Net cash from investing activities	(2)	(875)	(2,490)	(2,016)	2,936
Net cash from financing activities	24,788	(1,650)	(4,835)	770	(5,074)
Net movement in cash and cash equivalents	785	(347)	(191)	(234)	745
Cash and cash equivalents at beginning of year	-	785	438	438	247
Cash and cash equivalents at end of year	785	438	247	204	992

In FY2020, out of the cash generated from operating activities amounting to €2.2 million, €0.9 million was transferred to the sinking fund reserve and €1.6 million was allocated to bank loan repayments and Existing Bond buybacks.

In FY2021, the Group increased the pace at which it reduced its indebtedness. Cash generated from operating activities amounted to €7.1 million compared to €2.2 million in the previous year, mainly on account of significant reductions in inventories. During the year, the Group made bank loan repayments amounting to €2.8 million, repurchased €1.8 million worth of its Existing Bonds and transferred a further €2.5 million into the sinking fund reserve (FY2020: €0.9 million).

During the first half of 2022, cash inflows from operating activities amounted to €2.9 million (HY2021: €1.0 million). In investing activities, €2.9 million was withdrawn from the sinking fund reserve for the purpose of repurchasing Existing Bonds from the market (HY2021: payments to the sinking fund reserve of €2.0 million).

In HY2022, the Group used €4.85 million to reduce borrowings (primarily outstanding Existing Bonds) and paid dividends of €0.25 million (HY2021: cash inflows from financing activities of €0.77 million).

The table below provides a cross-reference list to key sections of the audited consolidated financial statements of the Company for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 and the interim standalone financial statements of the Company for the period ended 30 June 2022.

	Page number in Audited Consolidated Financial Statements (2019)	Page number in Audited Consolidated Financial Statements (2020)	Page number in Audited Consolidated Financial Statements (2021)*	Page number in Interim Consolidated Financial Statements (June 2022)
Best Deal Properties Holding plc				
Statement of Comprehensive Income	10	10	n/a	3
Statement of Financial Position	11	11	n/a	4
Statement of changes in equity	12	12	n/a	5
Statement of Cash Flows	13	13	n/a	6
Notes to the Financial Statements	14-36	14-38	n/a	7-19
Auditor's Report	37-41	39-43	n/a	n/a

* The annual financial report of the Issuer for 2021 has been prepared in the European Single Electronic Format (ESEF) and therefore does not contain page numbers. The said report is available through the following link:

https://cdn.borzamalta.com.mt/ESEFAPP//BDPH_20211231_CON_AFR_485100A1WBOSGJKWHT04_20220425151338934/bestdeal-20211231-InlineViewer.xhtml

9.2 Selected Financial Information: The Guarantor

The Guarantor was established on 31 May 2022 as a property holding company, initially to acquire the Siggiewi Site. The Guarantor has, to date, not conducted any business and has no trading record. As such, there were no significant changes to the financial or trading position of the Guarantor since incorporation to the date of this Registration Document.

10. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

10.1 Board of Directors of the Issuer

The Issuer is currently managed by a Board consisting of eight Directors entrusted with its overall direction and management. As at the date of this Registration Document, the Board of the Issuer is composed of the individuals listed in section 5.1.1 of this Registration Document.

The Board of Directors of the Issuer currently consists of five executive Directors and three non-executive Directors.

The following are the respective *curriculum vitae* of the Directors:

Name: **Christopher Attard** (Executive Director)

Christopher Attard has been involved in the property industry for over 30 years as a property developer in his own name and also through various involvements with other partners. In 2011, he founded Best Deal Properties Limited, with the aim of developing energy efficient properties having high quality finishes tailor-made to customer requirements. The Best Deal brand presently incorporates various development projects under different companies in which Mr Attard is involved as shareholder and director, amongst which are Elite Developments Limited and PJCE Properties Limited. Apart from property development, Mr Attard has been involved over the years in other business ventures, including the catering sector.

Name: **Pierre Bartolo** (Executive Director)

Pierre Bartolo is a former co-owner and Chief Operations Officer of Buttigieg Holdings Ltd. During his 27 years with the company (being prior to the sale of Buttigieg Holdings Ltd to International Hotel Investments p.l.c. in 2016), Mr Bartolo was involved in all aspects of operations and management and thus directly contributed to the growth of Buttigieg Holdings Ltd within the catering industry. In particular, his involvement with the company included negotiating private sector and government tenders, and opening a number of restaurants and other catering establishments across Malta. Mr Bartolo is now actively involved in the property development industry through his shareholding in the BDP Group.

Name: **David Basile** (Executive Director)

David Basile Cherubino has a financial and commercial background with various University degrees in economics (B.Com (Hons)), accountancy (B. Accty (Hons)) and a Masters in Business Administration (MBA). He worked for several years with PricewaterhouseCoopers (PWC) in the Tax and Audit department, before joining his family's group of businesses, the Cherubino Group. As Chief Executive Officer of the Cherubino Group, Mr Basile is actively involved in various areas of economic activity both locally and overseas, including manufacturing, distribution, retail, property, and investments across various industries. Mr Basile holds a number of directorships in both private and public listed companies.



Name: **Robert Buttigieg** (Executive Director and Compliance Officer)

Robert Buttigieg graduated in 2009 and holds a Doctor of Laws (LL.D.) from the University of Malta. After working as a lawyer, focusing mainly on corporate law, for over three years, he decided to go back to the family catering business – Buttigieg Holdings Ltd. In 2012 the company brought the first international coffee franchise, COSTA Coffee, to Malta. Dr Buttigieg oversaw the opening of eleven COSTA Coffee stores in Malta and sixteen COSTA Coffee stores in Spain. After the acquisition of Buttigieg Holdings Ltd by International Hotel Investments p.l.c. in 2016, Dr Buttigieg turned his focus to property development and today he is the Chief Executive Officer of R.J.C. Operations Ltd, a company involved in property rental and development. Dr Buttigieg is a shareholder of R.C.J. Investments Limited, which company is a shareholder in the Issuer.

Name: **Erskine Vella** (Executive Director)

Erskine Vella was appointed a director of Best Deal Properties Limited from its inception in 2011, after spending 14 years in the real estate business as an estate agent. His extensive experience in sales and marketing in the property sector has contributed to developing the Best Deal Properties brand locally, which resulted in the expansion of the company's client base and also led to a number of third party developers to partner with Best Deal Properties to develop various projects. Best Deal Properties is currently involved in a number of development projects in Malta through different companies in which Mr Vella is a shareholder and director.

Name: **James Bullock** (Chairman, Non-Executive Director)

James Bullock has had a distinguished career in banking spanning over 42 years. The 40-year relationship with HSBC Bank Malta plc (formerly Mid-Med Bank) saw him occupy senior manager roles, which include Area Commercial Manager of the Valletta Commercial Centre, Deputy Head of Corporate Branch and Head of Commercial Real Estate. Thereafter he moved to FIMBank plc as Vice President utilising his expertise, experience and deep-rooted business connections in the successful launch and growth of the Real Estate division. Mr Bullock has extensive commercial banking experience at both customer facing and Head Office Risk assessment roles and has acquired a strong specialised knowledge of the local property sector. He is an Associate of the UK Chartered Institute of Bankers (now the London Institute of Banking and Finance) and attended various prestigious senior manager courses overseas including Cambridge University, Brickett Wood, Canary Wharf and Hong Kong.

Name: **Mario P Galea** (Independent Non-Executive Director)

Mario P. Galea is a certified public accountant and auditor holding a warrant to practice both as an accountant and an auditor. Mr Galea currently practices as a business adviser providing oversight and advisory services to businesses and corporations, and serves as an independent non-executive director on the boards and audit committees of various domestic listed companies in the financial and commercial sectors. Mr Galea was founder, managing partner and chairman of Ernst & Young in Malta for more than ten years until his retirement in 2012 and saw the successful introduction and growth of the local firm into a recognised and respected presence in the market. Mr Galea specialised in auditing and assurance, which he has practiced for 35 years in Malta and overseas. Mr Galea has lectured in auditing, assurance and professional and business ethics, led several training courses and spoke at various business and professional conferences in Malta and abroad. Mr Galea has also assisted businesses in several areas particularly relating to governance, accounting and systems of control. Amongst a number of other appointments, he served as president of the Malta Institute of Accountants and for many years formed part of the Accountancy Board which is the accountancy profession regulator in Malta. He has served on various professional committees in Malta and abroad, such as the council of the Federation des Experts Comptables (FEE) in Brussels (now Accountancy Europe). He continues to form part of the Ethics and Regulatory committees of the Malta Institute of Accountants.

Name: **Maria Carmela *sive* Marlene Seychell** (Independent Non-Executive Director)

Marlene Seychell's career has traversed the public and private sectors, having occupied leadership positions in various public entities. Ms Seychell's strengths lie in various high-level disciplines including strategic planning, communication, management, consultation and cutting-edge thought leadership. She is renowned for her entrepreneurial skills which led to the success of numerous companies and organisations in the private sector. Marlene Seychell has almost 35 years' experience in the fashion retail industry. Ms Seychell started her own fashion retail business in the UK in 1984, trading two Benetton stores. In 1997 she opened a first Miss Selfridge store in Malta. Under her guidance, the business grew rapidly throughout the Maltese Islands representing internationally renowned brands. In her role, Ms Seychell provided leading edge thinking, sought market opportunities and led the development and implementation of the overall strategy, overseeing operational execution of the brand strategies and maintenance of brand integrity, whilst also focusing on key objectives with the principle aim of driving bottom line sales and improving the overall commercial operation of the business. Over the years, Ms Seychell has built and maintained excellent relationships with the international franchisors she represented, both at board room and operational level. Ms Seychell was also the Chairperson of the Malta Gaming Authority between 2018 to 2019. Ms Seychell is currently also operating her own diversified business portfolio.

10.2 Board of Directors of the Guarantor

The Guarantor is currently managed by a Board consisting of five Directors entrusted with its overall direction and management. As at the date of this Registration Document, the Board of the Guarantor is composed of the individuals listed in section 5.1.2 of this Registration Document.



The *curriculum vitae* of each of the directors of the Guarantors, being Christopher Attard, Pierre Bartolo, David Basile, Robert Buttigieg and Erskine Vella, is set out in section 10.1 above.

10.3 Management Structure

The Issuer is a holding and finance company incorporated under the laws of Malta. The business of the Issuer is managed by its Board of Directors and does not separately employ any senior management. The Directors believe that the present corporate structure is adequate for the current activities of the Issuer. The Directors will maintain this structure under continuous review to ensure that it merits the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The overall management of the Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy the Guarantor, including the responsibility for the appointment of all executive officers and other key members of management

10.4 Conflicts of Interest

As at the date of this Registration Document, each of the five Executive Directors of the Issuer are officers of several companies within the Group. Christopher Attard, Pierre Bartolo, David Basile, Robert Buttigieg and Erskine Vella are directors of the Issuer and the Guarantor. Christopher Attard, Pierre Bartolo, Robert Buttigieg and Erskine Vella are also directors of PJCE Properties Limited, Elite Developments Limited and Best Deal Developments Limited.

In view of the foregoing, such directors are susceptible to conflicts between the potentially diverging interests of the Issuer, the Guarantor and any of such other BDP Group companies in transactions entered into, or proposed to be entered into, between them.

The independent, non-executive Directors of the Issuer have the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by the above-mentioned directors are handled in the best interest of the Issuer and according to law. The independent, non-executive Directors will also be tasked to ensure that transactions vetted by the Board of Directors are determined on an arms-length basis. As regards related party transactions generally, the Audit Committee operates within the remit of the applicable terms of Chapter 5 of the Capital Markets Rules regulating the role of the audit committee with respect to related party transactions.

The said five Executive Directors are also the ultimate beneficial shareholders of the Issuer.

No private interests or duties unrelated to the Issuer, the Guarantor or the BDP Group, as the case may be, have been disclosed by the general management team which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer or the Guarantor, as the case may be.

To the extent known or potentially known to the Issuer and the Guarantor as at the date of this Registration Document, other than the information contained and disclosed herein, there are no other conflicts of interest between any duties of the Directors and of executive officers of the Issuer, and, or the directors of the Guarantor, as the case may be, and their respective private interests and, or their duties which require disclosure in terms of the Prospectus Regulation.

10.5 Working Capital

As at the date of this Registration Document, the Directors of the Issuer are of the opinion that working capital available to the Issuer is sufficient for the attainment of its objects and the carrying out of its business for the next 12 months of operations. In providing said working capital statement, the Issuer confirms that the proceeds of the Bond Issue have been included in the calculation of its working capital.

11. BOARD PRACTICES

11.1 Audit Committee

The Audit Committee's primary objective is to assist the Board of the Issuer and the Guarantor in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the external audit and acts to facilitate communication between the Board, management and the external auditors. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of Directors. The Audit Committee, which meets at least once every three months, is a committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change the Audit Committee's terms of reference from time to time.



The terms of reference of the Audit Committee include, *inter alia*, its support to the Board of the Issuer in its responsibilities in dealing with issues of risk management, control and governance and associated assurance. The Board has set formal terms that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Briefly, the Audit Committee is expected to deal with and advise the Board on: (a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures; (b) maintaining communications on such matters between the Board, management and the independent auditors; (c) facilitating the independence of the external audit process and addressing issues arising from the audit process; and (d) preserving the Issuer's assets by understanding the Issuer's risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Issuer or Guarantor and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Issuer or Guarantor, as the case may be.

The Audit Committee is made up entirely of non-executive Directors, two of whom are independent of the Issuer, and who are appointed for a period of three years. Mario P. Galea, an independent, non-executive Director of the Issuer, acts as Chairman, whilst James Bullock and Marlene Seychell act as members. In compliance with the Capital Markets Rules, Mario P. Galea is considered to be the member competent in accounting and, or auditing matters. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof.

11.2 Compliance with Corporate Governance Requirements

As a consequence of the 2018 Bond Issue and the forthcoming Bond Issue and in accordance with the terms of the Capital Markets Rules, the Issuer is required to endeavour to adopt and comply with the provisions of the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the "Code").

The Issuer declares its full support of the Code and undertakes to continue to comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer. The Issuer supports the Code and believes that its application results in positive effects accruing to the Issuer.

As at the date of the Prospectus, the Board considers the Issuer to be in compliance with the Code, save for the following exceptions:

i. Principle 2 "Chairman and Chief Executive Officer"

The Company has no employees and neither a Chief Executive Officer.

The Board is responsible for the management of the Company. The Chairman exercises independent judgement and is responsible to lead the Board and set its agenda, whilst also ensuring that the directors receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company. The Chairman is also responsible for ensuring effective communication with the shareholders and encouraging active engagement by all members of the Board for discussion of complex or contentious issues.

ii. Principle 7 "Evaluation of the Board's Performance"

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

iii. Principle 8 "Committees"

- The Issuer does not have a Remuneration Committee as recommended in Principle 8; and
- The Issuer does not have a Nomination Committee as recommended in Principle 8.

The Board considers that the size and operations of the Issuer do not warrant the setting up of remuneration and nomination committees. In particular, the Board itself carries out the functions of the remuneration committee. The Board has established a fixed remuneration for directors which is not performance related and this has been approved by the shareholders.

Furthermore, the Issuer does not believe it is necessary to establish a nomination committee as appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association of the Issuer. The Issuer considers that the current members of the Board provide the required level of skill, knowledge and experience expected in terms of the Code.

The Guarantor is a private company and accordingly is not subject to the provisions of the Capital Markets Rules nor to endeavour to adhere to the provisions of the Code. Whilst the Guarantor does not have its own audit committee, it has authorised and tasked the Audit Committee of the Issuer to monitor its operations.

12 LITIGATION

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering 12 months prior to the date of this Registration Document which may have, or have had in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor and, or the BDP Group, taken as a whole.

13 ADDITIONAL INFORMATION

13.1 Share Capital of the Issuer

The authorised share capital of the Issuer is three hundred fifty thousand Euro (€350,000) divided into three million five hundred thousand (3,500,000) ordinary shares of ten Euro cents (€0.10) each.

The issued share capital of the Issuer is three hundred twelve thousand five hundred Euro (€312,500) divided into three million one hundred twenty-five thousand (3,125,000) ordinary shares of ten Euro cents (€0.10) each, fully paid up.

The Company's issued share capital is subscribed equally by Christopher Attard, Erskine Vella, Pierre Bartolo, RCJ Investments Limited (C 88743) and C Developments Limited (C 92485). The Issuer adopts measures in line with the Code to ensure that the relationship of the Issuer and, or the Guarantor with each other and, or their respective shareholders are retained at arm's length, including, in respect of both the Issuer and the Guarantor, adherence to rules on related party transactions set out in Chapter 5 of the Capital Markets Rules requiring the vetting and approval of any related party transaction by the Audit Committee, which is constituted by the non-executive Directors of the Issuer (the majority of whom are independent).

The shares of the Issuer are presently listed on Prospects MTF.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

13.2 Memorandum and Articles of Association of the Issuer

The Memorandum and Articles of Association of the Issuer are registered with the Malta Business Registry. The principal objects of the Issuer are: (a) to carry on the business of a finance company; (b) to acquire, by any title whatsoever, and to take on lease or sub-lease, and to dispose by any title whatsoever, grant and, or lease or sub-lease and hold property of any kind, whether movable or immovable. Clause 3 of the Memorandum of Association contains the full list of objects of the Issuer. A copy of the Memorandum and Articles of Association of the Issuer (a copy of which is available for inspection as described in section 17 below) may be inspected at the Malta Business Registry during the lifetime of the Company.

13.3 Share Capital of the Guarantor

The authorised and issued share capital of the Guarantor is one thousand two hundred Euro (€1,200) divided into one thousand two hundred (1,200) ordinary shares of one Euro (€1) each.

There is no capital of the Company which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Company is to be put under option.

13.4 Memorandum and Articles of Association of the Guarantor

The memorandum and articles of association of the Guarantor are registered with the Malta Business Registry. The principal object of the Guarantor is to hold, manage, and commercialise by any title valid at law, any movable or immovable property, whether for commercial or other purposes, and to perform all activities relating to property construction, real estate development and real-estate management.



14. MATERIAL CONTRACTS

The Issuer (as lender) has entered into the Loan Agreement dated 9 November 2022 with the Guarantor (as borrower) pursuant to which the Issuer shall advance to the Guarantor by title of loan the net proceeds of the Bond Issue in an amount of approximately €14.6 million, and in terms of which Loan Agreement interest on the loan amount is payable annually in arrears at the rate of 7% per annum. The Guarantor bound itself to repay the loan in full by not later than 31 December 2026. The terms and conditions of the Loan Agreement are subject to and conditional upon the Guarantee and the Collateral being duly perfected and the Bonds being admitted to the Official List of the MSE.

Save for the Loan Agreement described above and the Security Trust Deed (details of which are set out in sub-section 5.7 of the Securities Note), the Issuer has not entered into any material contracts that are not in the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to security holders in respect of the Secured Bonds, as such securities are issued pursuant to, and described in, the Securities Note.

15. PROPERTY VALUATION REPORT

The Issuer commissioned TBA Periti to issue a property valuation report in relation to the Siġġiewi Site and the Siġġiewi Development. The business address of TBA Periti is No. 43, Main Street, Balzan BZN 1259, Malta.

Capital Markets Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The valuation report is dated 01 November 2022. A copy of the report compiled by TBA Periti, is accessible on the Issuer's website at the following hyperlink: <https://bestdealholdings.com/company-documents/> and is deemed to be incorporated by reference in this Prospectus. A copy thereof shall also be available for inspection at the registered address of the Issuer for the duration period of this Registration Document.

16. THIRD PARTY INFORMATION STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Property Valuation Report incorporated by reference in this Prospectus and the Financial Analysis Summary, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Property Valuation Report and Financial Analysis Summary have been included in the form and context in which they appear with the authorisation of TBA Periti, of No. 43, Main Street, Balzan BZN 1259, Malta, and MZ Investment Services Ltd, of 61, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta, respectively, that have given and have not withdrawn their consent to the inclusion of their respective reports herein.

TBA Periti and MZ Investment Services Ltd do not have any material interest in the Issuer. The Issuer confirms that the Property Valuation Report and the Financial Analysis Summary have been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from the information contained therein, no facts have been omitted which render the reproduced information inaccurate or misleading. The sourced information contained in section 8 of this Registration Document has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

17. DOCUMENTS AVAILABLE FOR INSPECTION AND INCORPORATED BY REFERENCE

For the duration period of this Registration Document the following documents shall be available for inspection at the registered address of the Issuer and also on the Issuer's website (through the following link: <https://bestdealholdings.com/company-documents/>) and are incorporated by reference:

- a) Memorandum and Articles of Association of the Issuer and of the Guarantor;
- b) Audited consolidated financial statements of the Issuer for the three financial years ended 31 December 2019, 31 December 2020 and 31 December 2021;
- c) Interim unaudited financial results of the Issuer for the six months ended 30 June 2022;
- d) Property Valuation Report dated 07 November 2022 in respect of the Siġġiewi Site and the Siġġiewi Development;
- e) Services Agreement entered into between Best Deal Properties Limited and the Guarantor, dated 9 November 2022;
- f) The Security Trust Deed;
- g) The Loan Agreement; and
- h) The Financial Analysis Summary prepared by the Sponsor and dated 9 November 2022.



SECURITIES NOTE

Dated 9 November 2022

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the MFSA and of the Prospectus Regulation. This Securities Note is issued pursuant to the requirements of Rule 4.14 of the Capital Markets Rules and contains information about the Bonds. Application has been made for the admission to listing of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of €15 million 4.75% Secured Bonds 2025 - 2027
of a nominal value of €100 per Bond issued at par by



BEST DEAL PROPERTIES HOLDING P.L.C.

a public limited liability company registered in Malta with company registration number C 88974

Guaranteed* by Best Deal Estates Limited a private limited liability company registered in Malta with company registration number C 102444

**Prospective investors are to refer to the Guarantee contained in Annex II of this Securities Note for a description of the scope, nature and terms of the Guarantee and also to refer to sub-section 5.7.2 of this Securities Note for a description of the Collateral. Reference should also be made to the sections entitled "Risk Factors" contained in the Summary, in the Registration Document and in this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.*

ISIN: MT0002121219

Legal Counsel

Security Trustee

Sponsor, Manager & Registrar

ZammitPace 



FINCO TRUST SERVICES LIMITED



M Z I N V E S T M E N T S E R V I C E S

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THESE SECURITIES ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF INVESTORS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE SECURITIES UNLESS: (I) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (II) THE SECURITIES MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND (III) SUCH PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THESE SECURITIES. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISOR.



Christopher Attard

Approved by the Directors



Pierre Bartolo

signing in their own capacity as directors of the Company and for and on behalf of each of Robert Buttigieg, David Basile, Erskine Vella, James Bullock, Mario P Galea and Marlene Seychell



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1. IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 9 NOVEMBER 2022 AND CONTAINS INFORMATION ON BEST DEAL PROPERTIES HOLDING P.L.C. IN ITS CAPACITY AS ISSUER, BEST DEAL ESTATES LIMITED AS GUARANTOR, AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT (CHAPTER 386 OF THE LAWS OF MALTA) AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS OR A DESIGNATED EARLY REDEMPTION DATE, AS APPLICABLE, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SUB-SECTION 6.16 OF THIS SECURITIES NOTE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS, TO PUBLISH OR ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUER, THE GUARANTOR AND, OR THE SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF PUBLISHED, ISSUED, GIVEN OR MADE, SUCH ADVERTISEMENT, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISERS.

ALL THE ADVISERS TO THE ISSUER NAMED UNDER THE HEADING "ADVISERS" IN SECTION 5.3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS SECURITIES NOTE, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS SECURITIES NOTE.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER, BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THE SECURITIES NOTE IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN PROFESSIONAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY



SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THIS SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THE PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THE SECURED BONDS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE MALTA BUSINESS REGISTRY, IN ACCORDANCE WITH THE ACT.

STATEMENTS MADE IN THIS PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR GUARANTOR'S WEBSITES (IF ANY) OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTOR'S WEBSITES DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES ISSUED BY THE ISSUER.

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

2. DEFINITIONS

Capitalised words and expressions used in this Securities Note and which are defined in the Registration Document forming part of the Prospectus shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning herein as the meaning given to such words and expressions in the Registration Document. Furthermore, in this Securities Note the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

Admission	Admission of the Secured Bonds to the Official List and to trading on the main market for listed securities of the MSE becoming effective in accordance with the Capital Markets Rules and the MSE Bye-Laws;
Applicant	A person or persons (in the case of joint applicants) who subscribe(s) for the Secured Bonds;
Application	The application to subscribe for Secured Bonds through an Authorised Financial Intermediary in the form provided to the Applicant by the relevant Authorised Financial Intermediary;
Appropriateness Test	Shall have the meaning set out in section 8.2.19 of this Securities Note;
Authorised Financial Intermediaries	The licensed financial intermediaries whose details appear in Annex I of this Securities Note;
Business Day	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CET	Central European Time;
Civil Code	The Civil Code (Chapter 16 of the laws of Malta);
CSD	The Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Designated Early Redemption Dates	Any date falling between 30 November 2025 and 29 November 2027, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the Secured Bonds and all interests accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and "Early Redemption" shall be construed accordingly;
Financial Analysis Summary	The financial analysis summary, dated 9 November 2022, compiled by the Sponsor in line with the applicable requirements of the MFSA Listing Policies, a copy of which is set out in Annex III of the Securities Note forming part of the Prospectus;
Interest Payment Date	30 November of each year between and including each of the years 2023 and 2027 provided that if any such day is not a Business Day such Interest Payment Date shall be carried out to the next following day that is a Business Day;
Intermediaries' Offer	An offer for subscription of Bonds made by the Issuer to the Authorised Financial Intermediaries through subscription agreements, as further detailed in sub-section 6.3 of this Securities Note;
Issue Date	9 December 2022;
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/ EU (recast);
MSE Bye-Laws	The MSE bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
Offer Period	The period between 08.30 hours on 14 November 2022 and 14.00 hours on 29 November 2022;
Official List	The list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Pledge Agreement	The pledge agreement to be entered into by and between the Guarantor and the Security Trustee for the purpose of constituting a pledge on insurance policy proceeds as security for the full nominal value of the Secured Bonds and interest thereon;
Redemption Date	30 November 2027;
Redemption Value	The nominal value of each Secured Bond (€100 per Secured Bond);
Registration Document	The registration document issued by the Issuer dated 9 November 2022, forming part of the Prospectus;
Reserve Account	The reserve account maintained by the Security Trustee for the benefit of the Bondholders;



Secured Bonds	Up to €15,000,000 Secured Bonds of a nominal value of €100, redeemable at the Redemption Value on the Redemption Date or a Designated Early Redemption Date, bearing interest at the rate of 4.75% per annum on the nominal value of the Secured Bond, as detailed in this Securities Note;
Securities Note	This document in its entirety;
Suitability Test	Shall have the meaning assigned to it in section 8.2.19 of this Securities Note;
Terms and Conditions	The terms and conditions of the Secured Bonds set out in sections 5.5, 6 and 8 of this Securities Note.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and vice-versa;
- b) words importing the masculine gender shall include also the feminine gender and vice-versa;
- c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
- d) any references to a person include natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
- e) any phrase introduced by the term “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding the term; and
- f) any references to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Securities Note.

3. RISK FACTORS

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

AN INVESTMENT IN THE SECURED BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURED BONDS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE, AT THE DATE OF THIS SECURITIES NOTE, THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT A RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

WHILE THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES, PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE BDP GROUP BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER:

- (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR
- (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER.

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.



3.1 Forward-looking Statements

This Securities Note contains statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer’s and, or the Guarantor’s strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s and, or the Guarantor’s actual results of operations, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition and performance, and trading results, of the Issuer and, or the Guarantor are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled “Risk Factors” in the Registration Document, for a review of the factors that could affect the Issuer’s performance and an investment in the Bonds. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

3.2 Risks Relating to the Secured Bonds

3.2.1 Complex financial instrument and suitability assessment

Debt instruments which may be redeemed by an issuer prior to their maturity date are considered as having an embedded call option, with the price of the bonds taking these components into account. The Secured Bonds may be redeemed at the option of the Issuer on a Designated Early Redemption Date. In view of this early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II. Investors should consult with an investment advisor before investing in the Secured Bonds. In particular, investors should consult with an investment advisor with a view to ascertaining that each prospective investor: (a) has sufficient knowledge and experience to make a meaningful evaluation of the Secured Bonds, the merits and risks of investing in the Secured Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement; (b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Secured Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency and that the Secured Bonds meet the investment objectives of the prospective investor; (c) understands thoroughly the terms of the Secured Bonds; and (d) is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Secured Bonds, and the inherent risks associated with the BDP Group’s business.

3.2.2 The Secured Bonds are redeemable at the option of the Issuer

Any or all of the Secured Bonds may be redeemed by the Issuer on a Designated Early Redemption Date. Once the Secured Bonds are redeemed, the relevant Bondholders shall no longer be entitled to any interest or other rights in relation to those Secured Bonds. If the Secured Bonds are redeemed on a Designated Early Redemption Date, a Bondholder would not receive the same return on investment that it would have received if the Secured Bonds were redeemed on the Redemption Date. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed. This optional redemption feature may also have a negative impact on the market value of the Secured Bonds.



3.2.3 No prior market for the Secured Bonds

Prior to the Bond Issue and Admission, there has been no public market for the Secured Bonds within or outside Malta. Due to the absence of any prior market for the Secured Bonds, there can be no assurance that the price of the Secured Bonds will correspond to the price at which the Secured Bonds will trade in the market subsequent to the Bond Issue. The market price of the Secured Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in section 3.2 of the Registration Document.

3.2.4 Orderly and liquid secondary market

The existence of an orderly and liquid market for the Secured Bonds depends on a number of factors, including, but not limited to, the presence of willing buyers and sellers of the Secured Bonds at any given time and the general economic conditions in the market in which the Secured Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Secured Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to trade in the Secured Bonds at all.

3.2.5 Future public offers

No prediction can be made about the effect which any future public offerings of the Issuer's securities (including, but not limited, to the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer vis-à-vis the new security holders), or any takeover or merger activity involving the Issuer (including, but not limited to, a delisting, in full or in part, of the Secured Bonds) will have on the market price of the Secured Bonds prevailing from time to time.

3.2.6 Subsequent changes in interest rates and potential impact on inflation

The Secured Bonds shall carry a fixed interest rate. Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Secured Bonds. The price of fixed rate bonds should, theoretically, be adversely impacted if interest rates increase above the level of the interest paid on the said bond. In an economic scenario where prevailing market interest rates are rising, the prices of fixed rate bonds decline and conversely, if market interest rates are declining, the prices of fixed rate bonds tend to rise. This is part of the market risk inherent in financial instruments but it is only crystallised if a Bondholder decides to sell the Secured Bonds before maturity on the secondary market, since on maturity, a Bondholder will still be entitled to receive the face value of the Secured Bonds. The coupon payable on the Secured Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Secured Bond coupons. In a period of high inflation, an investor's real return on the Secured Bonds will be lower than the Secured Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Secured Bonds on the secondary market.

3.2.7 Currency of reference

A Bondholder shall bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Secured Bonds (Euro) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

3.2.8 Changes in law

The Terms and Conditions of the Secured Bonds are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

3.2.9 Amendments to the Terms and Conditions of the Secured Bonds

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Secured Bonds it may call a meeting of Bondholders in accordance with the provisions of section 6.16 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

3.3 Risks Relating to the Guarantor and the Collateral

3.3.1 Risks relating to the business of the Guarantor

The risk factors contained in section 3.4 of the Registration Document entitled "*Operational Risks relating to the BDP Group and its business*" apply to the business of the Guarantor. If any of the risks mentioned in section 3.4 of the Registration Document were to materialise, they could have a material adverse effect on the ability of the Guarantor to satisfy its obligations under the Guarantee.

3.3.2 Risks relating to the Guarantee and the Collateral granted by the Guarantor

The Secured Bonds are being guaranteed by the Guarantor on a joint and several basis. Accordingly, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under the said Secured Bonds on first demand (subject to the terms of the Guarantee) if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer.

The strength of the undertakings given under the Guarantee and, accordingly, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor. The Guarantee is further supported by, *inter alia*, the Collateral over the Hypothecated Property belonging to the Guarantor. Whilst this grants the Security Trustee a right of preference and priority for repayment over the relative Hypothecated Property, there can be no guarantee that the value of the relevant Hypothecated Property over the term of the Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors not least of which general economic factors that could have an adverse impact on the value of the relevant Hypothecated Property. If such circumstances were to arise or subsist at the time that the Security Interest is to be enforced by the Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds.

In addition to the aforesaid, the valuations of the Hypothecated Property so prepared by an independent qualified architect contain certain assumptions, which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values at the time of enforcement of the security interests over the Hypothecated Property.

3.3.3 Terms of the Security Trust Deed

By acquiring Secured Bonds, a Bondholder is considered to be bound by the terms of the Security Trust Deed as if he/she/it had been a party to it. The Security Trust Deed contains a number of provisions which prospective investors ought to be aware of prior to acquiring the Secured Bonds. For instance, in terms of the Security Trust Deed:

- the Security Trustee is not liable for any loss or expense attributable to any action taken or omitted to be taken by the Security Trustee, or any person appointed by the Security Trustee, unless the loss or expense is shown to have been caused by the fraud, gross negligence, breach of duty or wilful misconduct of the Security Trustee or the person so appointed;
- the Security Trustee is not bound to take any such steps or proceedings or take any other action to enforce the security constituted by the Security Interest unless the Security Trustee shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;
- the Security Trustee is not bound to declare the Bonds to have become immediately due and repayable in the case of an event of default, described in section 6.13 of this Securities Note, unless requested to do so by not less than seventy-five per centum (75%) in nominal value of the Secured Bonds then outstanding, by notice in writing to the Issuer and Guarantor;
- the Security Trustee may pay itself out of the trust fund all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled under the Security Trust Deed or by law or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Collateral.

4. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information with regards to the Secured Bonds. All of the Directors, whose names appear in sub-section 5.1.1 of the Registration Document entitled “*Directors of the Issuer*” accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.



All representations and other statements made in the Prospectus are made by the Issuer, and the Directors take sole responsibility for all such representations and statements. The Sponsor, Manager and Registrar, and the Issuer's advisers have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

4.1 Consent for Use of the Prospectus

Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries

For the purposes of any subscription for Secured Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of the Secured Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Secured Bonds, provided this is limited only:

- (i) in respect of Secured Bonds subscribed for through the Authorised Financial Intermediaries pursuant to the Intermediaries' Offer;
- (ii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place in Malta; and
- (iii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, Manager and Registrar or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the Secured Bonds.

Other than as set out above, neither the Issuer nor the Sponsor, Manager and Registrar has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Secured Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor, Manager and Registrar and neither the Issuer nor the Sponsor, Manager and Registrar has any responsibility or liability for the actions of any person making such offers.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsor, Manager and Registrar. The Issuer does not accept responsibility for any information not contained in this Prospectus.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice.

In the event of a resale, placement or other offering of Secured Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall provide investors with information on the terms and conditions of the resale, placement, or other offering at the time such is made.

Any resale, placement, or other offering of Secured Bonds to an investor by an Authorised Financial Intermediary shall be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations, and settlement arrangements. Where such information is not contained in the Prospectus, it shall be the responsibility of the respective Authorised Financial Intermediary at the time of such resale, placement, or other offering to provide the investor with that information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement, or other offering of Secured Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement, or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of approval of this Securities Note shall be made available through a company announcement which shall also be made available on the Issuer's website: www.bestdealholdings.com

4.2 Statement of Authorisation

This Securities Note has been approved by the MFSA as the competent authority under the Prospectus Regulation. The MFSA only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Bonds.

5. ESSENTIAL INFORMATION

5.1 Reasons for the Issue and Use of Proceeds

The net proceeds from the Bond Issue will be on-lent by the Issuer to the Guarantor pursuant to the Loan Agreement, and such funds shall be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

- (i) the amount of *circa* €10.2 million for the purposes of funding the acquisition, by the Guarantor, of the Siggiewi Site over which the Siggiewi Development will be developed, and related costs of acquisition; and
- (ii) the amount of *circa* €4.4 million shall be retained by the Security Trustee to be disbursed to contractors, on behalf of the Guarantor, engaged to undertake excavation and construction works relating to the Siggiewi Development, once the Siggiewi Site is acquired as indicated in (i) above.

The issue and allotment of the Secured Bonds is conditional upon: (a) the Bond Issue being fully subscribed; (b) confirmation of admission of the Secured Bonds to the Official List; and (c) the Security Interest being constituted in favour of the Security Trustee.

In the event that any of the aforesaid conditions (a) to (c) is not satisfied, the Security Trustee shall return the Bond Issue proceeds to the Bondholders.

5.2 Dynamics for Closing

The Security Trustee shall release the net proceeds from the issue of the Secured Bonds which are expected to amount to €14.6 million as follows:

- (i) from the amount of €10.2 million, the amount of €9.3 million shall be released to the respective vendors of the portions of land comprising the Siggiewi Site and to the Assignors of the Siggiewi Site Portion 1 on the respective deeds of sale. The Security Trustee shall appear on the said respective deeds of sale pursuant to a delegation of authority granted by the Guarantor in its favour to pay the purchase price of the Siggiewi Site to the vendors and to the Assignors as aforesaid. The remaining amount of €0.8 million shall be utilised to pay stamp duty and notarial fees and shall be released to the notary public responsible for such purpose. Simultaneously upon the entry into the respective deeds of sale pertaining to the Siggiewi Site, each of the Issuer and Guarantor shall appear on a public deed with the Security Trustee to grant and constitute in favour of the Security Trustee the Collateral over their respective assets;
- (ii) the amount of such loan facility which is intended to be used to finance the excavation and construction of the Siggiewi Development as set out in sub-section 5.1(ii) above, which will be held by the Security Trustee, will be drawn down in one or more subsequent drawdowns following a request by the Guarantor to the Issuer, in order to pay invoices for excavation and construction works on the Siggiewi Development, as such invoices are received from the relevant contractors and against presentation of such invoices and architect's certificate of completion in respect of the relevant works included in the invoice. The said drawdowns will not be paid by the Security Trustee to the Guarantor, but will be paid by the Security Trustee directly to the relevant contractors in satisfaction of the relevant invoices.

5.3 Funding from Other Sources

The Guarantor requires approximately €26 million to acquire the Siggiewi Site and to develop and complete the Siggiewi Development. The amount of €10.2 million from the net proceeds of the Bond Issue to be received by the Issuer shall be on-lent to the Guarantor to purchase the Siggiewi Site. The balance of the net proceeds of the Bond Issue to be received by the Issuer, amounting to €4.4 million, shall be on-lent to the Guarantor to part finance costs required to excavate the Siggiewi Site and construct the Siggiewi Development. The remaining amount required for the construction and finishing of the Siggiewi Development will be funded from sales of units generated from the initial phases of the Siggiewi Development and cash flows generated from unit sales of other projects of the BDP Group.

5.4 Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €400,000. There is no particular order of priority with respect to such expenses.



5.5 Issue Statistics

Amount	€15,000,000;
Form	the Secured Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination	Euro (€);
ISIN	MT0002121219;
Minimum amount per subscription	minimum of €5,000 and multiples of €100 thereafter;
Redemption Date	30 November 2027 or on the Designated Early Redemption Date;
Designated Early Redemption Date	any date falling between 30 November 2025 and 29 November 2027, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the Secured Bonds and all interests accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and "Early Redemption" shall be construed accordingly;
Plan of Distribution	the Secured Bonds are open for subscription by Authorised Financial Intermediaries (either for their own account or for the account of their underlying customers) pursuant to the Intermediaries' Offer;
Bond Issue Price	at par (€100 per Secured Bond);
Status of the Bonds	the Secured Bonds shall constitute general, direct, secured, and unconditional obligations of the Issuer, to be secured in the manner described in section 5.7.2, guaranteed by the Guarantor and shall at all times rank <i>pari passu</i> and without any preference among themselves. Save for such exceptions as may be provided by applicable law, the Secured Bonds shall be secured by the Security Interest and accordingly, shall rank with priority or preference over other present and future unsecured obligations of the Issuer and the Guarantor;
Guarantee	the joint and several guarantee, dated 9 November 2022, granted by Best Deal Estates Limited as security for the punctual performance of the Issuer's payment obligations under the Bond Issue;
Security Interest	the following security to be constituted prior to or upon the final deeds of sale and acquisition of the sites upon which the Siggiewi Development will be constructed and developed: (i) the first ranking general hypothec for the full nominal value of the Secured Bonds and interests thereon over all the present and future property of the Guarantor; (ii) the first ranking special hypothec for the full nominal value of the Secured Bonds and interests thereon over Siggiewi Site together with all and any constructions to be developed thereon; (iii) the Guarantee; and (iv) the Pledge Agreement;
Listing	the Malta Financial Services Authority has approved the Secured Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Secured Bonds to be listed and traded on its Official List;
Intermediaries' Offer	the subscription agreements entered into between the Issuer and Authorised Financial Intermediaries for their own account or on behalf of their clients, as further described in sub-section 6.3 of this Securities Note;
Allocation	Applicants may apply for Secured Bonds through the Authorised Financial Intermediaries during the Offer Period;
Offer Period	08.30 hours on 14 November 2022 to 14.00 hours on 29 November 2022, both days included;
Interest	4.75% per annum;
Interest Payment Date(s)	annually on 30 November as from 30 November 2023 (the first interest payment date);
Governing Law of Secured Bonds	the Secured Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Secured Bonds.

5.6 Interest of Natural and Legal Persons Involved in the Bond Issue

Save for the subscription of the Secured Bonds by the Authorised Financial Intermediaries (which includes MZ Investment Services Ltd), and any fees payable in connection with the Bond Issue to MZ Investment Services Ltd (as Sponsor, Registrar and Manager), so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

5.7 Security Trust Deed and Security Interest

5.7.1 Security Trust Deed

The Issuer and the Guarantor have entered into a Security Trust Deed with the Security Trustee which consists of the covenants of the Issuer and the Guarantor to repay the principal amount under the Secured Bonds on the Redemption Date or a Designated Early Redemption Date and interest thereon and to observe all the covenants and obligations undertaken by the Issuer and the Guarantor under the Security Trust Deed and the Prospectus, as secured by the Security Interest. The Security Interest will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds.

The Security Trustee's role includes holding of the Security Interest for the benefit of the Bondholders and the enforcement of the Security Interest upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds which remain exclusively the obligations of the Issuer (or, in the case of default by the Issuer, of the Guarantor), save to the extent that the Security Trustee shall apply any amounts available in terms of the Security Interest held by it towards the redemption of the Secured Bonds on the Redemption Date or a Designated Early Redemption Date or upon enforcement of the Security Interest upon the happening of certain events as aforesaid.

The terms and conditions of the Security Trust Deed shall, upon subscription or purchase of any Bonds, be binding on such subscriber or purchaser as a beneficiary under the trust as if the Bondholders had been a party to the Security Trust Deed and as if the Security Trust Deed contained covenants on the part of each Bondholder to observe and be bound by all the provisions therein, and the Security Trustee is authorised and required to do the things required of it by the Security Trust Deed.

5.7.2 Security Interest

Pursuant to the Security Trust Deed and by way of Security Interest, the Guarantor agreed to jointly and severally guarantee the punctual performance by the Company of the Bond Obligations by entering into the Guarantee.

The Guarantor has agreed to further support the joint and several guarantee under the Guarantee as follows:

- (i) by virtue of a first ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all its assets present and future; and
- (ii) by virtue of a first ranking special hypothec for the full nominal value of the Secured Bonds and interest thereon over the Siggiewi Site.

Following the Bond Issue, the Security Trustee shall retain all Bond net proceeds until the Security Interest has been constituted and the MSE has confirmed that the Bonds will be admitted to the Official List of the MSE.

It is expected that by end December 2022, the Guarantor shall enter into public deeds with the vendors of the respective portions of the Siggiewi Site, for the purchase and acquisition of legal title of the sites over which the Siggiewi Development is to be constructed. The Security Trustee shall appear on said deeds for the purpose of: (i) ensuring that the Guarantor obtains legal title to the respective portions of the Siggiewi Site, free from any privileged or hypothecary rights in favour of third parties; (ii) releasing in favour of the respective vendors the cash amount of the purchase consideration and related costs and releasing in favour of the Assignors the cash amount of the assignment of the promise of sale pertaining to Siggiewi Site Portion 1, as well as releasing the cash amount for the payment of duty on documents and notarial contract expenses, amounting to €10.2 million for the Siggiewi Site; and (iii) obtaining from the Guarantor the Security Interest over the Siggiewi Development.

Following the above-mentioned acquisition, and in terms of the Security Trust Deed, the Guarantor shall take out an insurance policy to cover the full replacement value of the Hypothecated Property and enter into the Pledge Agreement. A pledge creates a right of preference in favour of the collateral holder to be paid out of the asset so secured (the insurance policy) in priority to other creditors.

Out of the Bond Issue net proceeds (described in sub-section 5.1 above), the Security Trustee shall retain the amount of €4.4 million to be disbursed to contractors undertaking works on the Siggiewi Development. All disbursements made by the Security Trustee shall be covered by invoices and, or certificates of an architect confirming that works equivalent to payments disbursed by the Security Trustee have accrued to the Siggiewi Development. This is intended to ensure, as far as practicably possible that the aggregate value of cash held by the Security Trustee and the underlying value of the Security Interest are equivalent to the value of Bonds outstanding. Moreover, a contract for the preservation of the special privilege, in relation to the above-mentioned amounts, shall be entered into between the Guarantor and the Security Trustee in accordance with the provisions of article 2010(b) of the Civil Code.



In order to further protect the Security Interests of the Security Trustee for the benefit of Bondholders and to preserve their ranking over the assets of the Company and Guarantor, the Guarantor will provide the Security Trustee an authentic copy of a public deed registered at the Public Registry in accordance with the provisions of article 1996A of the Civil Code by which the contractor, engaged by the Guarantor to work on the excavation and shell construction of the Hypothecated Property and having a contract value (or the cumulative value of a series of contracts) above €500,000 (five hundred thousand euro), irrevocably renounces to its right to register a special privilege or special legal hypothec on the Hypothecated Property accorded to it by law in terms of article 2010(b) and article 2022 of the Civil Code or to register or secure any other cause of preference or security on the Hypothecated Property to which it may become entitled in terms of law, by virtue of any claim for outstanding dues for supplies, materials, work or services performed or undertaken by it in connection with the development of the Hypothecated Property. Moreover, the aforesaid contractor shall covenant that it shall only be allowed to subcontract to other subcontractors on condition that a similar waiver of rights is agreed as provided hereinabove.

5.8 Releasing Security and the Reserve Account

All sales of residential units forming part of the Hypothecated Property are expected to be executed on the basis that units are sold free and unencumbered, and accordingly released of all hypothecary rights and privileges encumbering those units. For this purpose, the Security Trustee is authorised and empowered, pursuant to the Security Trust Deed, to release individual units of the Hypothecated Property from the Security Interest encumbering such unit/s upon receipt by it from the Company or Guarantor or from a prospective purchaser of a fixed portion of the purchase price of each residential unit, as described in (i) below, or in the absence of the indication of a fixed portion, in accordance with allocation of sales proceeds detailed in (ii) below, in each case subject to any other agreement made from time to time by the Security Trustee, the Issuer and the Guarantor as indicated below. Any shortfall in the amount receivable by the Security Trustee pursuant to the foregoing shall be required to be made up, in whole or in part, out of the available sale proceeds from any subsequent sale or sales until such shortfall shall have been made up in its entirety.

The funds so received by the Security Trustee shall be held by it under trust in a segregated bank account with a licensed credit institution in Malta for the benefit of the Bondholders to be known as the “Reserve Account” and shall be so held with a view to meeting the redemption of the Secured Bonds on the Redemption Date or any Designated Early Redemption Date or otherwise for the Issuer to re-purchase Secured Bonds in the market for cancellation.

The Security Trustee, Issuer and Guarantor have agreed on a list of projected prices for each residential unit (the “Projected Sales Price”) and then established a fixed allocation of the Projected Sales Price from each residential unit in the Siggiewi Development forming part of the Hypothecated Property, based on a percentage allocation of the Projected Sales Price. The Trustee shall only be bound to release the Security Interests registered in its favour over a particular residential unit against receipt by it of the agreed fixed amount that is attributed to that unit in the Security Trust Deed. This is intended to ensure that the security created for the interest of Bondholders is only reduced against a cash payment made by the Issuer to the credit of the Reserve Account to be held by the Security Trustee for the benefit of Bondholders. The Security Trust Deed empowers the Security Trustee at any time, acting in its sole and absolute discretion, to agree amendments with the Issuer and the Guarantor to the agreed fixed amount attributed to any unit in the Security Trust Deed.

Pursuant to the Security Trust Deed, the allocation of sales proceeds shall be made as provided hereunder:

- a. all Payments on Account (as defined below) shall be allocated to the Guarantor for application in meeting the overall development costs of the Siggiewi Development;
- b. a pre-determined amount from the sale of each residential unit forming part of the Siggiewi Development shall be allocated from the Net Balance of Price to the Security Trustee for the benefit of the Reserve Account (subject to any other agreement made from time to time by the Security Trustee, the Issuer and the Guarantor as indicated below); and
- c. the remaining balance of the Net Balance of Price shall be allocated to the Guarantor and shall be applied firstly to meet the overall development costs of the Siggiewi Development.

The proceeds from the sale of a residential unit can be classified as follows:

- The amount paid by a buyer on account of the purchase consideration of any residential unit which shall not (save as indicated below) exceed 10% of the gross sale price of that residential unit (the “Payment on Account”); and
- The outstanding balance of the purchase consideration of a residential unit, after deducting the Payment on Account, sales commissions payable by the Guarantor (and VAT on commissions) and provisional tax or other taxes (whether existing today or in the future), imposts and, or fees payable on or in respect of the full sales price (the “Net Balance of Price”).

The Security Trust Deed empowers the Security Trustee at any time, acting in its sole and absolute discretion, to agree amendments with the Issuer and the Guarantor (i) to the percentage of the gross sale price representing the Payment on Account; and (ii) the pre-determined amount to be allocated from the Net Balance of Price to the Security Trustee for the benefit of the Reserve Account.

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Directors are of the view that, the portion of Projected Sales Price of residential units in the Hypothecated Property allocated to the Security Trustee from available cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the Secured Bonds on the Redemption Date.

It is the intention of the Issuer and Security Trustee to apply part of the funds standing to the credit of the Reserve Account with a view to meeting the redemption of the Secured Bonds on the Redemption Date or a Designated Early Redemption Date or otherwise for the Issuer to repurchase Secured Bonds in the market for cancellation or otherwise invested in accordance with the terms and conditions of the Security Trust Deed. The funds standing to the credit of the Reserve Account which are not utilised as aforesaid shall be invested in line with the investment parameters set out in the Security Trust Deed and which are summarised hereinafter. Interest or other income from such investments will accrue to the credit of the Reserve Account.

During the term of the Bonds, the Security Trustee shall be empowered to manage the Reserve Account and invest the amounts standing to the credit of the Reserve Account in its discretion, subject to, *inter alia*, the following restrictions:

- (i) Any amount standing to the credit of the Reserve Account may be held on deposit with a Bank licensed as a credit institution in Malta or any Member State of the European Union, provided that not more than 50 per cent of any amount standing to the credit of the Reserve Account, from time to time, shall be deposited with the same institution if the amount of the deposit exceeds the sum of €8 million; and/or
- (ii) Any amount standing to the credit of the Reserve Account may be invested in debt securities issued by or guaranteed by the Government of Malta or other member state of the European Union or the EEA; and/or
- (iii) An amount of up to 50 per cent of the amount standing to the credit of the Reserve Account may be invested in debt securities admitted to listing and trading on a Regulated market in the European Union, provided that not more than €2 million may be exposed to one or more debt securities issued by the same issuer; and provided that such investment will not expose the Reserve Account to any currency exchange risk.

5.9 Expected Timetable of Principal Events

(1) Offer Period	14 November 2022 to 29 November 2022
(2) Commencement of interest on the Secured Bonds	30 November 2022
(3) Expected date of announcement of basis of acceptance	30 November 2022
(4) Refunds of unallocated monies, if any	2 December 2022
(5) Expected dispatch of allotment letters	9 December 2022
(6) Expected date of admission of securities to listing	9 December 2022
(7) Expected date of commencement of trading in the securities	12 December 2022

6. INFORMATION CONCERNING THE SECURED BONDS

Each Secured Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Bonds hereafter described and to accept and be bound by the said terms and conditions.

6.1 General

Each Secured Bond forms part of a duly authorised issue of 4.75% Secured Bonds 2025 - 2027 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €15,000,000 (except as otherwise provided under section 6.15 "Further Issues"). The Issue Date of the Secured Bonds is 9 December 2022.

- a) The currency of the Bonds is Euro (€).
- b) Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN: MT0002121219.
- c) Unless previously re-purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date or a Designated Early Redemption Date.
- d) The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act, and the Prospectus Regulation.
- e) The Bond Issue is not underwritten.
- f) There are no special rights attached to the Secured Bonds other than as specified in section 6.7 hereunder.



In view of the early redemption component referred to in section 6.1(c) above, the Secured Bonds are complex financial instruments for the purposes of MIFID II. Accordingly, the Secured Bonds may only be suitable for investors who have the knowledge and experience to understand the risk related to this type of financial instrument. Potential investors should consult an investment advisor before investing in the Secured Bonds.

6.2 Plan of Distribution and Allotment

The Secured Bonds shall be made available for subscription to all categories of investors. The Secured Bonds shall be offered exclusively to Authorised Financial Intermediaries pursuant to the Intermediaries' Offer. During the Offer Period, Authorised Financial Intermediaries shall subscribe for Secured Bonds pursuant to conditional subscription agreements entered into by and between the Issuer, the Guarantor and the Authorised Financial Intermediaries. The total aggregate amount in nominal value of Secured Bonds which shall be subject to the subscription agreements shall not exceed €15,000,000.

The subscription agreements shall be subject to the terms and conditions of the Prospectus and shall be conditional on the Secured Bonds being admitted to trading on the Official List. Moreover, the subscription agreements shall become binding on each of the Issuer and the respective Authorised Financial Intermediaries upon delivery, provided that the Authorised Financial Intermediaries would have paid the Registrar all subscription proceeds in cleared funds by the Intermediaries' Offer Date.

The minimum which each Authorised Financial Intermediary may apply for in terms of the applicable subscription agreement is €5,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.

Completed subscription agreements, together with evidence of payment, are to reach the Registrar by 16:00 hours CET on 29 November 2022 (the "Intermediaries' Offer Date"). The Issuer, acting through the Registrar, shall communicate the amount allocated under each subscription agreement by 12:00 hours CET on 30 November 2022.

Applications shall not be accepted by Authorised Financial Intermediaries unless, based on the results of such Appropriateness Test, the Authorised Financial Intermediary is satisfied that an investment in the Secured Bonds may be considered appropriate for the Applicant. To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Secured Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Secured Bonds may be considered suitable for the Applicant. The allocation of the Secured Bonds is subject to the allocation policy of the Issuer set out in section 6.4 of this Securities Note.

It is expected that an allotment advice will be dispatched to Applicants within five Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Secured Bonds shall not commence prior to: (i) the Secured Bonds being admitted to the Official List; and (ii) the Security Interest being constituted in favour of the Security Trustee.

6.3 Intermediaries' Offer

Pursuant to the Intermediaries' Offer, the Issuer shall enter into subscription agreements with the Authorised Financial Intermediaries whereby the Issuer shall bind itself to allocate a total amount of up to €15,000,000 in nominal value of Secured Bonds to such Authorised Financial Intermediaries, which in turn shall bind themselves to subscribe for a specified number of Secured Bonds, the Secured Bonds being admitted to trading on the Official List.

The Authorised Financial Intermediaries shall be entitled to subscribe for the Secured Bonds either for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either:

- (i) distribute to the underlying customers any portion of the Secured Bonds subscribed for upon commencement of trading; or
- (ii) complete a data file representing the amount their underlying clients have been allocated in terms of the respective subscription agreement as provided by the Registrar by latest 16.00 hours on 2 December 2022 being the closing of the Offer Period.

Authorised Financial Intermediaries must effect payment to the Issuer for the Secured Bonds subscribed for by not later than the closing of the Offer Period.

6.4 Allocation Policy

The Issuer has reserved the full amount of the Secured Bonds to Authorised Financial Intermediaries which shall enter into subscription agreements pursuant to the Intermediaries' Offer. The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 30 November 2022.

6.5 Ranking of the Secured Bonds

The Bonds shall constitute the general, direct, and unconditional secured obligations of the Issuer, guaranteed by the Guarantor. The payment of the principal under the Bonds and interest thereon shall be secured by the Security Interest, which shall, *inter alia*, initially comprise a first-ranking general hypothec over the Guarantor's assets and a first-ranking special hypothec over the Hypothecated Property, which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders, the Guarantee and the Pledge Agreement.

The Security Interest shall be held by the Security Trustee for the benefit of the Bondholders, and accordingly, the Bonds shall rank with priority or preference over other present and future unsecured obligations of the Issuer and Guarantor. Notwithstanding the aforesaid, privileges or similar charges accorded by law in specific situations may arise during the course of the business of each of the Issuer and Guarantor which may rank with priority or preference to the Bonds and, or the Security Interest, as applicable. It is further noted that in terms of the Security Trust Deed, the Security Trustee may pay itself out of the trust fund all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled under the Security Trust Deed or by law or by virtue of any release or indemnity granted to it, and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Security Interest.

During the course of construction of the Siggiewi Development, situations may arise whereby the contractors or suppliers may become entitled by law to register a special privilege over the Hypothecated Property, thereby obtaining a priority in ranking over the Security Trustee. In this respect, the contractor, engaged by the Guarantor to work on the excavation and shell construction of the Hypothecated Property and having a contract value (or the cumulative value of a series of contracts) above €500,000 (five hundred thousand euro), shall irrevocably renounce to its right to register a special privilege or special legal hypothec on the Hypothecated Property accorded to it by law in terms of article 210(b) and article 2022 of the Civil Code or to register or secure any other cause of preference or security on the Hypothecated Property to which it may become entitled in terms of law, by virtue of any claim for outstanding dues for supplies, materials, work or services performed or undertaken by it in connection with the development of the Hypothecated Property without first obtaining the written consent of the Security Trustee, until such time that the indebtedness under the Secured Bonds has been settled and repaid in full and the Security Interests granted in favour of the Security Trustee and referred to in the Prospectus have been discharged. Whilst this is intended to minimise the possibility that any real rights are created over the aforementioned development that would have the effect of diminishing the value of the Security Interest registered in favour of the Security Trustee, there can be no guarantee that any other contractor conducting other works on the Siggiewi Development does not constitute a special privilege or secure any other preference or security according to law.

Accordingly, following the issue of the Secured Bonds and application of the proceeds as set out above, the Security Trustee for the benefit of Bondholders will have the benefit of a special hypothec over the Hypothecated Property for the full amount of fifteen million Euro (€15,000,000) and interests thereon in addition to the general hypothec over all assets, present and future, of the Guarantor for the full amount of fifteen million Euro (€15,000,000) and interests thereon and the Guarantee. The Guarantor shall also grant a pledge over the proceeds from insurance policies taken out in respect of the said Hypothecated Property pursuant to the Pledge Agreement. A pledge creates a right of preference in favour of the collateral holder to be paid out of the asset so secured (the insurance policy) in priority to other creditors.

6.6 Negative Pledge

The Guarantor undertakes in favour of the Security Trustee, that for as long as any principal or interest under the Secured Bonds or any indebtedness under the Secured Bonds remains outstanding, not to create or permit to subsist any charge, encumbrance, hypothec (whether general or special), privilege or security interest other than the Security Interest or a Permitted Security Interest (as defined below) to secure any Financial Indebtedness (as defined below) of the Issuer and, or the Guarantor.

For the purposes of this clause:

“**Financial Indebtedness**” means any indebtedness in respect of (A) monies borrowed; (B) any debenture, bond, note, loan stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset; (E) leases entered into primarily as a method of raising finance or financing the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;



“**Permitted Security Interest**” means: (i) any security interest arising by operation of law; (ii) any security interest securing any indebtedness of the Issuer and, or the Guarantor created for the sole purpose of financing or raising finance for the redemption of the Bonds; (iii) any other security interest (in addition to (i) and (ii) above) securing Financial Indebtedness of the Issuer and, or Guarantor (as the case may be), in an aggregate outstanding amount not exceeding 80% of the difference between the value of the net assets of the Guarantor and the aggregate principal amount of Bonds outstanding at the time; provided that any security interest set out in (iii) above shall only be entered into by the Issuer and, or the Guarantor (as the case may be) after written confirmation from an auditor confirming that the conditions set out in (iii) above have been adhered to and observed. Provided further that the aggregate Permitted Security Interests referred to in (i), (ii), and (iii) above do not result in the net assets of the Guarantor being less than the aggregate principal amount of the Bonds still outstanding together with one year’s interest thereon.

6.7 Rights Attaching to the Secured Bonds

This Securities Note in its entirety contains the terms and conditions of issue of the Secured Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Secured Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Secured Bonds, including:

- (i) the repayment of capital;
- (ii) the payment of interest;
- (iii) the benefit of the Security Interest through the Security Trustee;
- (iv) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- (v) the enjoyment of all such other rights attached to the Secured Bonds emanating from the Prospectus.

6.8 Interest

The Secured Bonds shall bear interest from and including 30 November 2022 at the rate of 4.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 30 November 2023 (covering the period 30 November 2022 to 29 November 2023). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code, the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Secured Bonds is barred by the lapse of five years.

When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

6.9 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds is 4.75% per annum.

6.10 Registration, Form, Denomination and Title

Certificates will not be delivered to Bondholders in respect of the Secured Bonds. The entitlement to Secured Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers, and any other relevant information as required from time to time, of the Bondholders and particulars of the Secured Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/ her/its entitlement to Secured Bonds held in the register kept by the CSD.

Upon submission of a form of Application, Bondholders who do not have an online e-portfolio account shall be registered by the CSD for the online e-portfolio facility and shall receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder’s statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on: <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the form of Application. Further detail on the e-portfolio is found on: <https://eportfolio.borzamalta.com.mt/Help>.

The Secured Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Secured Bonds will be issued for a minimum of €5,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Secured Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Secured Bonds may be transferred as provided below under the heading “*Transferability of the Bonds*” in section 6.14 of this Securities Note.

6.11 Payments

Payment of the principal amount of Secured Bonds will be made in Euro by the Issuer to the person in whose name such Secured Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Redemption Date or Designated Early Redemption Date (as applicable). The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value the Secured Bonds shall be redeemed and the appropriate entry made in the electronic register of the Secured Bonds at the CSD.

In the case of Secured Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and, or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Secured Bonds.

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

All payments with respect to the Secured Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Secured Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

6.12 Redemption and Purchase

Unless previously purchased and cancelled, the Secured Bonds shall be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 30 November 2027 or, earlier, on a Designated Early Redemption Date.

Subject to the provisions of this section 6.12, the Issuer may at any time purchase Secured Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Secured Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

6.13 Events of Default

Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of Bondholders holding not less than seventy-five per cent (75%) in nominal value of the Secured Bonds then outstanding, by notice in writing to the Issuer and Guarantor declare the Secured Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events (“Events of Default”):

- (i) the Issuer fails to punctually effect the payment of interest under the Bonds on an Interest Payment Date and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- (ii) the Issuer fails to pay the principal amount of a Bond on the date fixed for its redemption and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;



- (iii) the Issuer or the Guarantor fails duly to perform or shall otherwise be in breach of any other obligation contained in the Prospectus and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer and the Guarantor by the Security Trustee;
- (iv) the Issuer or the Guarantor ceases or threatens to cease to carry on its business;
- (v) the Issuer or Guarantor is unable to pay its debts within the meaning of section 214(5) of the Act, or any statutory modification or re-enactment thereof;
- (vi) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or Guarantor and such appointment is deemed by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- (vii) an order is made or an effective resolution is passed for winding up of the Issuer or Guarantor, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- (viii) the Issuer or Guarantor commits a breach of any of the covenants or provisions contained in the Security Trust Deed and on its part to be observed and performed and the said breach still subsists for sixty (60) days after having been notified by the Security Trustee;
- (ix) the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer or Guarantor or upon the Hypothecated Property shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- (x) any material representation or warranty made by or in respect of the Issuer or Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- (xi) any material indebtedness of the Issuer which is declared as due in terms of an executive title which is final and not subject to appeal is not paid when properly due and payable or any guarantee or indemnity of the Issuer in respect of indebtedness which is declared as due in terms of an executive title which is final and not subject to appeal is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €1,500,000 (one million five hundred thousand Euro);
- (xii) the Issuer or Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Security Trust Deed; or
- (xiii) the delisting of the Bonds, save with the consent of not less than 15% in value of the Bondholders; or
- (xiv) all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer or Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government. Provided that for the avoidance of doubt, the acquisition by the government (under any title) of any schemed road within the Siggiewi Site shall not constitute an Event of Default.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid if the Security Trustee so declares in its declaration.

Provided that in the event of any breach by the Issuer or Guarantor of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond the control of the Issuer or Guarantor, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer or Guarantor such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on and in accordance with any instructions it may receive in a meeting of Bondholders satisfying the conditions set out in the Security Trust Deed.

The Security Trustee shall not be bound to take any steps to ascertain whether any event of default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such event of default or condition, event or other circumstance has happened and that the Issuer and Guarantor are observing and performing all the obligations, conditions and provisions on their respective parts of the Secured Bonds and the Security Trust Deed.

6.14 Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Secured Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.

The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

The minimum subscription amount of €5,000 shall only apply upon original subscription of the Bonds. No minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter, subject to trading in multiples of €100.

6.15 Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Bonds in respect of the Collateral.

The Issuer may, with the consent of the Security Trustee, incur further indebtedness on a short to medium term basis that may rank *pari passu* with the Bonds for the purpose of bridging any cash flow shortfalls arising from the proceeds of sales from the Siġġiewi Development.

6.16 Meetings of Bondholders

The Issuer may, through the Security Trustee, from time-to-time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the applicable Terms and Conditions of the Bonds.

A meeting of Bondholders shall be called by the Directors by giving the Security Trustee not less than twenty-one (21) days' notice in writing. Upon receiving due notice from the Directors, the Security Trustee shall call such meeting by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Notice of every meeting of the Bondholders shall be given to (a) every Bondholder, (b) the Issuer, (c) the Security Provider, (d) the Security Trustee, and (e) the auditors for the time being of the Issuer and the Security Provider. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting, by any person entitled to receive notice shall not invalidate the proceedings of a meeting. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 6.16 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the Terms and Conditions contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.



A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall stand within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting, the number of Bondholders present, in person or by proxy, shall constitute a quorum, and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

The voting process shall be managed by the Company Secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee. Every Bondholder shall have one vote for each Bond held and any fractional interests shall be disregarded. Voting, whether on a show of hands or on a poll, shall be taken in such manner as the chairman of the meeting shall direct.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting, or at any adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal. Minutes shall be made of the proceedings of every meeting, including every Bondholders' Decision and, if signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the proceedings of such meetings.

Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

6.17 Authorisations and Approvals

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 28 September 2022. The Guarantee being given by the Guarantor in respect of the Secured Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 28 September 2022.

6.18 Notices

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of 24 hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

6.19 Governing Law and Jurisdiction

The Secured Bonds are governed by and shall be construed in accordance with Maltese law.

Any legal action, suit or proceedings against the Issuer and, or the Guarantor arising out of or in connection with the Secured Bonds and, or the Prospectus shall be brought exclusively before the Maltese courts.

7. TAXATION

7.1 General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Secured Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Secured Bonds. The tax legislation of the investor's country of nationality, residence or domicile and of the Issuer's country of incorporation (Malta) may have an impact on the income received from the Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Secured Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

7.2 Malta Tax on Interest

Since interest is payable in respect of a Secured Bond which is the subject of a public issue and such interest should constitute "investment income" in terms of article 41(a)(iv)(1) of the Income Tax Act, Chapter 123 of the laws of Malta (the "Income Tax Act"), unless the Bondholder elects, by means of an instruction in writing sent to the Issuer in terms of article 35 of the Income Tax Act, to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act, interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of fifteen percent (15%) (ten percent (10%) in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a "recipient" do not qualify for the abovementioned "investment income" final withholding tax and should seek advice on the taxation of such income as special rules may apply.

Article 41(c) of the Income Tax Act defines the term "recipient" for the purposes of the provisions applicable to "investment income", and includes, *inter alia*, a person (or a receiver, guardian, tutor, curator, judicial sequestrator, trustee, foundation or other fiduciary acting on behalf of a person) who is resident in Malta during the year in which "investment income" is payable to him/her, and EU/EEA nationals (and their spouse where applicable) who are not resident in Malta for Maltese tax purposes but who apply the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their worldwide income.

The aforementioned withholding tax is considered a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his or her income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer is required to submit to the Maltese Commissioner for Revenue, the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer will also render an account to the Maltese Commissioner for Revenue of all payments of qualifying "investment income" as well as an account of the amounts so deducted, including the identity of the recipient.

In the case of a valid election in terms of article 35 of the Income Tax Act made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his or her Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c)(i) of the Income Tax Act, Bondholders who are not resident in Malta and who satisfy the applicable conditions set out in the Income Tax Act should be exempt from tax in Malta on the interest received, and they will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

7.3 Exchange of Information

In terms of applicable Maltese legislation, the Issuer and, or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.



The Common Reporting Standard and the Directive on Administrative Cooperation

The Organisation for Economic Co-operation and Development ('OECD') has developed a global framework, commonly known as the Common Reporting Standard ('CRS') for the identification and timely reporting of certain financial information on individuals, and controlling persons of certain entities, who hold financial accounts with financial institutions of participating jurisdictions in order to increase tax transparency and cooperation between tax administrations. Numerous jurisdictions, including Malta, have signed the OECD Multilateral Competent Authority Agreement, which is a multilateral agreement outlining the framework to automatically exchange certain financial and personal information as set out within CRS.

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. This has been transposed in Malta by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 ("CRS Legislation"), and has been applicable since 1 January 2016. In terms of this legal notice, the automatic exchange of information obligations shall extend to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

Malta based financial institutions (defined as such for the purposes of CRS) are obliged to identify and annually report to the Malta Commissioner for Revenue financial accounts held by a reportable person, as defined under the CRS Legislation, including certain entities with one or more controlling persons, as defined under the CRS Legislation. Financial information relating to the Secured Bonds and the holders thereof may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Under CRS, financial institutions resident in a CRS participating jurisdiction (such as Malta) would be required to apply onerous due-diligence procedures for the identification of reportable accounts. Bondholders may be required to provide certain information and certifications to financial institutions, such as qualifying custodians or any intermediaries, in order to satisfy their obligations under CRS. Certain confidential information in relation to the Bondholders and, or other reportable persons may be reported to the Commissioner for Revenue or other relevant overseas tax authorities and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

Investors are also advised to assess any reporting obligations in terms of Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements ('DAC 6'), as transposed into Maltese domestic law by way of Legal Notice 342 of 2019 amending the CRS Legislation.

Investors are advised to seek professional advice in relation to the CRS Legislation and EU Council Directive 2014/107/EU. Not complying with the CRS rules may give rise to certain fines or closure of financial accounts.

The Exchange of Information (United States of America) (FATCA) Order

The United States of America ('U.S.') has enacted rules, commonly referred to as 'FATCA', that generally impose a reporting regime and, in some cases withholding requirements, with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends as well as certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The U.S. has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA in Malta which has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, Subsidiary Legislation 123.156 ("FATCA Legislation").

Under the FATCA Legislation, financial institutions in Malta (defined as such for the purposes of FATCA) are required to satisfy applicable due diligence requirements to identify and report financial accounts held by specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities, which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Malta Commissioner for Revenue. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis.

Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations. In order to comply with its FATCA obligations, if any, the Issuer and, or its agent may be required to obtain certain information, forms and other documentation on the Bondholders to report information on reportable accounts to the Commissioner for Revenue, in accordance with applicable laws and regulations, which will in turn report this information to the Internal Revenue Service in the U.S. Bondholders should note that a specified U.S. person in terms of FATCA may include a wider range of investors than the current U.S. Person definition referred to in the Terms And Conditions of Application.

Financial institutions reserve the right to request any information and, or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, financial institutions may take such action as it thinks fit, including without limitation, the closure of the financial account.



7.4 Maltese Taxation on Capital Gains Arising on Transfer of the Secured Bonds

On the basis that the Secured Bonds should not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “*shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*”, and to the extent that the Secured Bonds are held as capital assets by the Bondholder, no income tax or capital gains should be chargeable in respect of a transfer of the Secured Bonds.

7.5 Duty on Documents and Transfers

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), (the “Duty on Documents and Transfers Act”), duty of 2% on the consideration or the real value (whichever is higher) is chargeable *inter alia* on the transfer *inter vivos* or transmission *causa mortis* of a “marketable security”. However, on the basis that the Secured Bonds should not fall within the definition of a “marketable security”, defined in the Duty on Documents and Transfers Act as “*a holding of share capital in any company and any document representing the same*”, the transfer/transmission of the Secured Bonds should not be chargeable to duty.

Furthermore, in terms of article 50 of the Financial Markets Act, as the Secured Bonds should constitute qualifying financial instruments of a company quoted on a regulated market (that is, the MSE) any transfers or transmissions of the Secured Bonds should, in any case, be exempt from duty.

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THIS PROSPECTUS, INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF SECURED BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE SECURED BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY AND DEPENDS, AMONG OTHER THINGS, ON THE PARTICULAR INDIVIDUAL CIRCUMSTANCES OF THE INVESTORS AND OF THE CLASSIFICATION OF THE SECURED BONDS FROM A MALTESE TAX PERSPECTIVE.

8. TERMS AND CONDITIONS OF THE BOND ISSUE

8.1 Early Redemption Option

At the sole option of the Issuer, the Issuer shall be entitled to prepay all or part of the principal amount of the Secured Bonds and all interests accrued up to the date of prepayment on any date falling between 30 November 2025 and 29 November 2027, by giving not less than 30 days’ notice to the Bondholders.

8.2 Terms and Conditions of Application

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Guarantor, on the one hand, and the Security Trustee and Bondholders, on the other.

8.2.1 The issue and allotment of the Secured Bonds is conditional upon: (i) the Bond Issue being fully subscribed; (ii) the Secured Bonds being admitted to the Official List of the MSE; and (iii) the Security Interest being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days from the close of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant’s bank account indicated by the Applicant on the relative form of Application.

8.2.2 During the Offer Period, the Issuer shall enter into subscription agreements with a number of Authorised Financial Intermediaries pursuant to which the Issuer shall bind itself to allocate a total amount of €15,000,000 in nominal value of Secured Bonds to the said Authorised Financial Intermediaries. As described in more detail under section 8.2.3 below, Authorised Financial Intermediaries (in the names of underlying clients) must provide details of Applicants representing the amount they have been allocated by completing a data file as provided by the Registrar by latest 2 December 2022, accompanied by full payment.

8.2.3 By submitting a form of Application to an Authorised Financial Intermediary, the Applicant is thereby confirming to the Issuer, the Sponsor, Manager and Registrar and the Authorised Financial Intermediary through whom the Application is made, as applicable, that the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer acting through the respective Authorised Financial Intermediary, reserves the right to invalidate the relative form of Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register



of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation.

- 8.2.4 The contract created by the Issuer's acceptance of a data file submitted by an Authorised Financial Intermediary pursuant to the subscription agreements, shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association. It is the responsibility of investors wishing to apply for the Secured Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence, or domicile.
- 8.2.5 If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney or resolution, or a copy thereof duly certified by a lawyer or notary public, if so required by the respective Authorised Financial Intermediary, but it shall not be the duty or responsibility of the respective Authorised Financial Intermediary to ascertain that such representative is duly authorised to submit an Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be made available.
- 8.2.6 In the case of joint Applicants, reference to the term "Applicant" in these terms and conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The first person, as designated in the respective MSE account number quoted by the Applicant or first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders designated in the MSE account number quoted by the Applicant or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Secured Bond/s so held.
- 8.2.7 In the case of corporate Applicants or Applicants having separate legal personality, it shall not be incumbent on the Issuer or the Registrar to verify whether the person or persons purporting to bind such Applicant is, or are, in fact duly authorised. Applications by corporate Applicants have to include a valid legal entity identifier (LEI) which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 8.2.8 Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Secured Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s subscribing for Secured Bonds on the minor's behalf, until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 8.2.9 In respect of a Secured Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Secured Bond/s so held and shall have the right to receive interest on the Secured Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Secured Bond/s, have the right to dispose of the Secured Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Secured Bonds (which shall be due to the bare owner).
- 8.2.10 The Secured Bonds will be issued in multiples of €100. The minimum subscription amount of Secured Bonds that can be subscribed for by Applicants is €5,000.
- 8.2.11 In the event that any cheque accompanying a form of Application is not honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative form of Application.
- 8.2.12 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 586 of the laws of Malta) (the "Data Protection Act") and the General Data Protection Regulation (GDPR) (EU) 2016/679 ("GDPR"), as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.

- 8.2.13 It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Secured Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (“MiFIR”), as well as applicable MFSA rules for investment services providers.
- 8.2.14 No person receiving a copy of the Prospectus or any form of Application in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such form of Application unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or such form of Application could lawfully be used without contravention of any registration or other legal requirements.
- 8.2.15 Subscription for Secured Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Secured Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositories and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself / herself / itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- 8.2.16 The Secured Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.2.17 Subject to all other terms and conditions set out in the Prospectus, the respective Authorised Financial Intermediary reserves the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques and, or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the respective Authorised Financial Intermediary is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- 8.2.18 On completing and delivering a form of Application, the Applicant:
- (i) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Secured Bonds contained therein;
 - (ii) warrants that the information submitted by the Applicant in the form of Application is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with section 8.2.1 above. In the event of a discrepancy between the personal details (including name and surname and the Applicant’s address) appearing on the form of Application and those held by the MSE in relation to the MSE account number indicated on the form of Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - (iii) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer’s website at www.gap.com.mt. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant’s consent, in the circumstances set out in the GDPR and the Data Protection Act and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;
 - (iv) authorises the Issuer (or its service providers, including the CSD and/or the Sponsor, Manager and Registrar) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the form of Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;
 - (v) confirms that in making such Application and, or subscribing for the Secured Bonds, no reliance was placed on any information or representation in relation to the Issuer or the issue of the Secured Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;



- (vi) agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the form of Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- (vii) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured:
 - (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Secured Bonds, unless and until a payment is made in cleared funds for such Secured Bonds and such payment is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Secured Bonds);
 - or (ii) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Secured Bonds as void and may allocate such Secured Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Secured Bonds (other than return of such late payment);
- (viii) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his / her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- (ix) warrants, in connection with the subscription of the Secured Bonds, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the subscription of Secured Bonds in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Sponsor, Manager and Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Secured Bonds;
- (x) agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which may be requested in connection with the Application;
- (xi) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xii) agrees that all Applications, forms of Application, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, forms of Application, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (xiii) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (xiv) agrees that the Advisers to the Bond Issue (listed in section 5.3 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Secured Bonds or the suitability of the Applicant;
- (xv) warrants that, where an Applicant submits a form of Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and undertake to submit your power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- (xvi) agrees that all documents in connection with the issue of the Secured Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applicants, the address of the first named Applicant) as designated in the respective MSE account quoted by the Applicant; and
- (xvii) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of the Secured Bonds.

8.2.19 All forms of Application are to be lodged with any of the Authorised Financial Intermediaries. The Secured Bonds are deemed to be complex instruments in accordance with the provisions of conduct of business rulebook issued by the MFSA. Authorised Financial Intermediaries shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Secured Bonds may be considered appropriate for the Applicant.

To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Secured Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Secured Bonds may be considered suitable for the Applicant.

For the purpose of this Securities Note, the term “Appropriateness Test” means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of Secured Bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the Secured Bonds are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee’s knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Secured Bond or investment service offered or demanded, in accordance with the Conduct of Business Rulebook issued by the Malta Financial Services Authority. In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of Secured Bonds is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the prospective Applicant’s request to subscribe for or acquire Secured Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Secured Bonds is not appropriate for the Applicant or transferee;

For the purpose of this Securities Note, the term “Suitability Test” means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Secured Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Secured Bonds that are considered suitable for him/her, in accordance with Conduct of Business Rulebook issued by the Malta Financial Services Authority. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria: (a) it meets the investment objectives of the Applicant or prospective transferee in question; (b) it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and (c) it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand.

9. ADDITIONAL INFORMATION

Save for the Financial Analysis Summary reproduced in Annex III of this Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary has been included in the form and context in which it appears with the authorisation of the Sponsor, Manager and Registrar which has given and has not withdrawn its consent to the inclusion of such report herein.

The Sponsor, Manager and Registrar does not have any material interest in the Issuer and, or the Guarantor. The Issuer confirms that the Financial Analysis Summary has been accurately reproduced in the Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The business address of the Sponsor, Manager and Registrar is at 61, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta.



ANNEX I – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp St Venera SVR 1011	22751732
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0A St Marta Street Victoria, Gozo VCT 2550	22587000
MZ Investment Services Ltd	61, St. Rita Street, Rabat RBT 1523	21453739

ANNEX II – THE GUARANTEE

To: Finco Trust Services Limited
The Bastions Office No 2,
Emvin Cremona Street,
Floriana FRN 1281
Malta

(hereinafter together with its lawful successors and assigns referred to as the “Security Trustee”).

9 November 2022

Dear Sirs,

Re: GUARANTEE & INDEMNITY

We, Best Deal Estates Limited (C 102444) (hereinafter together with our lawful successors and assigns referred to as the “Guarantor”), having noted that:

- I. by virtue of a prospectus dated 9 November 2022, issued by Best Deal Properties Holding p.l.c. (the “**Issuer**”) in connection with the issue of €15 million 4.75% secured bonds 2025 - 2027 (as the same may be amended, varied or supplemented hereinafter referred to as the “**Prospectus**”) the Issuer shall, under the joint and several guarantee of the Guarantor, issue up to €15,000,000 in secured bonds at an annual interest rate of 4.75% to be redeemed on 30 November 2027 (the “**Redemption Date**”) or, at the sole option of the Issuer, on any date falling on or between 30 November 2025 and 29 November 2027, on which the Issuer shall be entitled to prepay all or part of the principal amount of the secured bonds and all interests accrued up to the date of prepayment, subject to the terms and conditions of the Prospectus (the “**Secured Bonds**”);
- II. by virtue of a Trust Instrument dated 9 November 2022 (the “**Trust Instrument**”) entered into between the Issuer, the Guarantor and the Security Trustee, the parties *inter alia* have agreed that the Guarantor shall enter into this guarantee agreement with the Security Trustee whereby the Security Provider shall stand surety, jointly and severally with the Issuer in favour of the Security Trustee and the Security Provider has further agreed to support its joint and several suretyship with a general hypothec over all its present and future assets, as well as a special hypothec over the Siggiewi Site (as defined in the Trust Instrument), which is the site to be acquired by the Security Provider over which the Siggiewi Development (as also defined in the Trust Instrument) shall be constructed;
- III. the Guarantor is a wholly-owned subsidiary of the Issuer;
- IV. in connection with the issue of the Secured Bonds, the Guarantor has agreed to grant and execute this Guarantee and Indemnity (hereinafter referred to as “**Guarantee**”) in favour of the Security Trustee for the benefit of the Bondholders, and
- V. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee for the benefit of the Bondholders.

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1 INTERPRETATION

1.1 In this Guarantee, unless the context otherwise requires:

- a. terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee unless defined otherwise in this Guarantee;
- b. “**Indebtedness**” means any and all moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability;
- c. “**writing**” or “**In writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.



2 GUARANTEE

2.1 Covenant to Pay

In satisfaction of the conditions for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised and as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee for the benefit of the Bondholders, the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness or any balance thereof at any time due or owing under the Secured Bonds to the Security Trustee in the event that the Issuer fails to pay any sum payable by it to the Bondholders pursuant to the terms of the Secured Bonds as and when same shall become due.

2.2 Maximum Liability

This is a continuing guarantee for the whole amount due or owing under the Secured Bonds from time to time or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer, but the amount due by the Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €15,000,000 (fifteen million Euro) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and, or the Guarantor, which shall be additional to the maximum sum herein stated.

2.3 Indemnity

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee.

3 CONTINUING AND UNCONDITIONAL LIABILITY

3.1 The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid or until such time as the Guarantor is released from the Guarantee by the Security Trustee, and shall in no way be prejudiced or effected, nor shall it in any way be discharged or reduced by reason of:

- a. the bankruptcy, insolvency or winding up of the Issuer; or
- b. the incapacity or disability of the Issuer; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or Guarantor; or
- d. the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable; or
- e. any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the Security Trustee.

4 WAIVER OF THE GUARANTOR'S RIGHTS AND GUARANTOR'S WARRANTIES

4.1 This Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or the Guarantor shall have made any irrevocable payment of the Indebtedness.

4.2 Until the Indebtedness has been paid in full, the Guarantor agrees that it will not, without the prior written consent of the Security Trustee:

- a. exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness; or
- b. demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same; or
- c. take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; or

- d. claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

5 ADDITIONAL GUARANTEE

- 5.1 This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness or until such time the Guarantor is released from the Guarantee by the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

6 NO ASSIGNMENT

- 6.1 The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

7 REPRESENTATIONS AND WARRANTIES

- 7.1 The Guarantor represents and warrants:

- a. that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- b. that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- c. that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- d. that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- e. that this Guarantee does not and will not constitute default with respect to or run counter to any law, bye-law, articles of incorporation, statute, rule or regulation to which the Guarantor is or may be subject; and
- f. that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

- 7.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee or until such time as the Guarantor is released from the Guarantee by the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

8 DEMANDS AND PAYMENTS

- 8.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain liquidated and due on the sixtieth (60th) day following the Security Trustee's first written demand to the Guarantor to pay in the case of an Event of Default under the Prospectus. All demands shall be sent to the address or facsimile or other numbers as are stated below in Article 9 as the same may be changed by notice in writing by one party to the other. The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default under the Prospectus or such that may render the underlying obligations of the Issuer to the Security Trustee invalid and unenforceable for any reason whatsoever.

- 8.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

- 8.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law, the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee.

9 NOTICES

- 9.1 Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven (7) days after posting and if by facsimile, at the time of transmission of the facsimile.



9.2 For the purposes of this Guarantee, the proper addresses and contact numbers of the Parties are:

Best Deal Properties Holding p.l.c.

Address: 63, J.L Buildings, Office 5, Luga Road, Paola PLA 9045, Malta
Telephone No: 2169 2279
Contact Person: Robert Buttigieg

Best Deal Estates Limited

Address: 63, J.L Buildings, Office 5, Luga Road, Paola PLA 9045, Malta
Telephone No: 2169 2279
Contact Person: Robert Buttigieg

Finco Trust Services Limited

Address: The Bastions Office, No.2, Emvin Cremona Street, Floriana FRN 1281, Malta
Telephone No: 2122 0002
Contact Person: Arthur Galea Salomone

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

10 APPLICABLE LAW AND JURISDICTION

10.1 This Guarantee shall be governed by and construed in accordance with Maltese law.

10.2 Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance or breach thereof shall be referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three (3), one arbitrator to be appointed by each of the Parties or, in default, by the Malta Arbitration Centre, whereas the third arbitrator shall be appointed by the first two arbitrators or, if they fail to agree on such an appointment, by the Malta Arbitration Centre. No appeal shall lie from any such award given.

Yours faithfully,

The original copy has been signed by

Name: **Christopher Attard**
duly authorised, for and on behalf of
Best Deal Properties Holding p.l.c.

Name: **Pierre Bartolo**
duly authorised, for and on behalf of
Best Deal Properties Holding p.l.c.

Yours faithfully,

The original copy has been signed by

Name: **Christopher Attard**
duly authorised, for and on behalf of
Best Deal Estates Limited

Name: **Pierre Bartolo**
duly authorised, for and on behalf of
Best Deal Estates Limited

WE ACCEPT.

The original copy has been signed by

Name: **Arthur Galea Salomone**
duly authorised for and on behalf of
Finco Trust Services Limited

Financial Analysis Summary

9 November 2022

ISSUER

BEST DEAL PROPERTIES HOLDING P.L.C. (C 88974)



MZ INVESTMENT SERVICES





M Z I N V E S T M E N T S E R V I C E S

The Directors
Best Deal Properties Holding p.l.c.
63 J.L. Buildings, Office 5,
Luqa Road,
Paola, PLA 9045,
Malta

9 November 2022

Dear Board Members,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "Analysis") set out in the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Best Deal Properties Holding p.l.c. (the "**Issuer**" or "**Company**" or "**BDP Group**" or "**Group**"), Best Deal Developments Limited (the "**2018 Guarantor**") and Best Deal Estates Limited (the "**2022 Guarantor**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the period 23 October 2018 to 31 December 2019 and for the years ended 31 December 2020 and 31 December 2021 has been extracted from the audited consolidated financial statements of the Issuer.
- (b) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2022 and 31 December 2023 has been provided by management.
- (c) Our commentary on the results of BDP Group and on its financial position is based on the explanations provided by management.
- (d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of BDP Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek independent professional financial advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

MZ Investment Services Ltd
63, St Rita Street,
Rabat RBT 1523,
Malta
Tel: 2145 3739





MZ INVESTMENT SERVICES

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PART 1 – INFORMATION ABOUT THE BDP GROUP

1. HISTORY AND PRINCIPAL ACTIVITIES OF BDP GROUP

Best Deal Properties Holding p.l.c. (the “**Company**”) was established on 23 October 2018 as the parent company of the BDP Group. Its principal activity is to act as a holding company and to raise finance and advance such financing to its subsidiaries. The BDP Group is engaged in property development of residential units and sale of such units.

In December 2018, BDP Group raised €16 million through the issue of 4.25% secured bonds 2024 for the purposes of acquiring three sites in Żabbar, Mellieħa and Pembroke and developing thereon the following three projects:

- (i) **Żabbar, Development** - the construction, development and finishing over the site known as Il-Wilga tal-Imnigel, measuring approximately 4,149m², of 24 maisonettes, 81 apartments and 22 penthouses, spread over nine blocks and 198 underlying garages;
- (ii) **Mellieħa Development** - the construction, development and finishing over the site known as Tal-Hawlija, Ta’ Masrija and Tas-Salib, measuring in aggregate approximately 1,249m², of 3 maisonettes, 39 apartments and 7 overlying penthouses, as well as 50 underlying garages;
- (iii) **Pembroke I Development** – the construction, development and finishing over the corner site situated at 102 and 103 in Triq Mediterran c/w Triq Gabriele Henin, Pembroke, having a footprint measuring approximately 380m², of 2 maisonettes, 4 three-bedroomed apartments, 2 penthouses and 6 underlying garages.

On 30 October 2019, the Group raised further equity from a new investor – C Developments Limited, which acquired 20% of the Company through an offer for subscription of 625,000 new ordinary shares of a nominal value of €0.10 each at a share issue price of €1.60, in terms of a Company Admission Document dated 21 August 2019. The new ordinary shares, together with the 2,500,000 existing ordinary shares of the Company were admitted to Prospects MTF.

Moreover, C Developments Limited advanced to the Company an amount of €1,200,000 to further assist BDP Group with ongoing working capital requirements.

Each project undertaken by the Group is promoted through the Best Deal Properties brand, which is operated by Best Deal Properties Limited, a company external to the BDP Group and equally owned by Christopher Attard and Erskine Vella.

2. DIRECTORS AND MANAGEMENT STRUCTURE

2.1 DIRECTORS OF THE ISSUER

The Company’s governance principally lies in its Board of Directors, responsible for the general governance of the Company and to set its strategic aims, for its proper administration and management and for the general supervision of its affairs. Its responsibilities include the oversight of the Company’s internal control procedures and financial performance, and the review of the Company’s business risks, thus ensuring such risks are adequately identified, evaluated, managed and minimised. The Board members of the Company as at the date of this report are included hereunder:

Christopher Attard	Executive Director
Pierre Bartolo	Executive Director
Robert Buttigieg	Executive Director
Erskine Vella	Executive Director
David Basile	Executive Director
James Bullock	Non-Executive Director
Mario P. Galea	Independent Non-Executive Director
Maria Carmela k/a Marlene Seychell	Independent Non-Executive Director





MZ INVESTMENT SERVICES

2.2 DIRECTORS OF THE 2018 GUARANTOR

A board of four directors (listed below) is entrusted with the day-to-day management of Best Deal Developments Limited (“**2018 Guarantor**”) and is responsible for the execution of the 2018 Guarantor’s investments and the funding thereof and awarding of project contracts for the development of the 2018 Guarantor’s properties.

Christopher Attard	Director
Pierre Bartolo	Director
Robert Buttigieg	Director
Erskine Vella	Director

2.3 DIRECTORS OF THE 2022 GUARANTOR

A board of five directors (listed below) is entrusted with the day-to-day management of Best Deal Estates Limited (“**2022 Guarantor**”) and is responsible for the execution of the 2022 Guarantor’s investments and the funding thereof and awarding of project contracts for the development of the 2022 Guarantor’s properties.

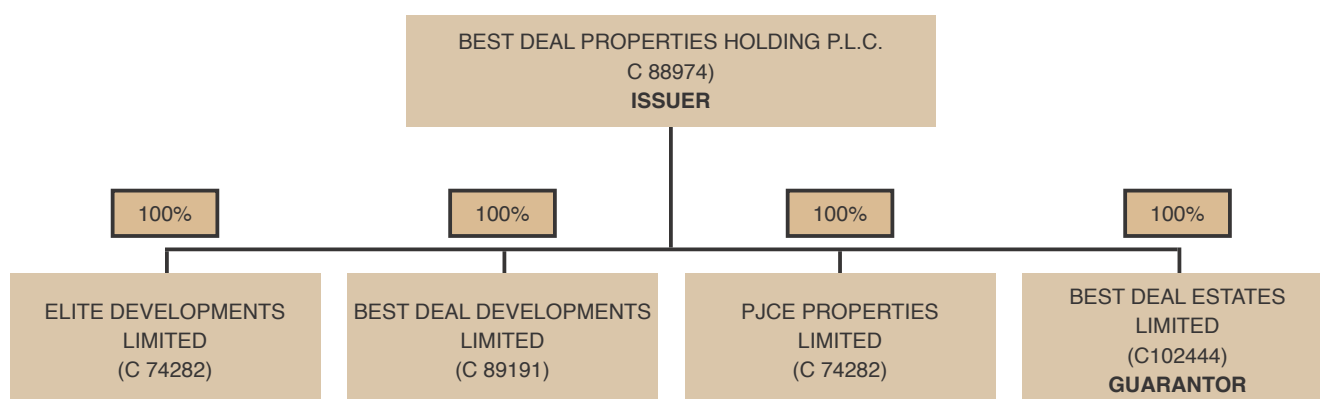
Christopher Attard	Director
Pierre Bartolo	Director
David Basile	Director
Robert Buttigieg	Director
Erskine Vella	Director

2.3 EMPLOYEES AND MANAGEMENT STRUCTURE

The Issuer, the 2018 Guarantor and the 2022 Guarantor have no employees and are managed directly by their respective board of directors. In managing each project, the directors of the 2018 Guarantor and 2022 Guarantor are supported by a number of external consultants who are appointed as required.

3. ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the organisational structure of the BDP Group.



The principal object of the Issuer is that of a holding company. As such, the Issuer is mainly dependent on the business prospects of its operating subsidiaries.

Elite Developments Limited has been involved in the construction and development of two residential projects - Crystal Court and Blue Moon Court, both of which are located in Marsascala. PJCE Properties Limited has been involved in the construction and development of Garnet Court situated in Mqabba. These projects are fully completed and described in section 4 below.





M Z I N V E S T M E N T S E R V I C E S

At present, the 2018 Guarantor is developing the Zabbar Development, Mellieha Development and Pembroke I Development. The aforementioned projects are further described in section 5 below.

The 2022 Guarantor was incorporated on 31 May 2022 for the purposes of acquiring a portion of land in Siġġiewi (the “**Siġġiewi Site**”), and to construct and develop over the Siġġiewi Site a total of 20 maisonettes, 75 apartments and 155 garages spread of eight blocks (the “**Siġġiewi Development**”) as further described in section 6 below.

4. COMPLETED PROJECTS

4.1 CRYSTAL COURT - MARSASCALA

Elite Developments Ltd embarked on developing Crystal Court in June 2016, when it acquired the land situated at Triq Salvu Buhagiar c/w Triq il-Gemmugha c/w Triq il-Qrempuc, Marsascale. The project includes two blocks comprising 5 maisonettes at ground floor, 7 two-bedroomed apartments, 11 three-bedroomed apartments, 2 three-bedroomed penthouses and 30 underlying garages. All units and garages were sold in FY2018 and FY2019, except for 1 garage which was sold in FY2020.

4.2 BLUE MOON COURT - MARSASCALA

In 2017, Elite Developments Limited acquired a second property situated in Triq il-Grigal c/w Triq is-Sajjieda, Marsascale. The property development includes two blocks consisting of 5 maisonettes at ground floor level, 15 three-bedroomed apartments, 3 penthouses and 19 underlying garages. All units and garages were sold in FY2020, except for 1 residential unit and 1 garage which were sold in FY2021.

4.3 GARNET COURT - MQABBA

In 2018, PJCE Properties Limited acquired two parcels of land in Triq il-Familja Brancati, Mqabba. The said project comprises 2 maisonettes at ground floor level, 23 three-bedroomed apartments, 3 penthouses and 33 underlying garages. All units and garages were sold in FY2021, except for 1 residential unit and 1 garage which were sold in FY2022. As at 20 October 2022, 1 apartment is in stock and available for sale.

5. WORKS IN PROGRESS

5.1 ZABBAR DEVELOPMENT

The site measures *circa* 4,149m² and is situated in Triq Ta' Lanza c/w New Street in Triq il-Kahwiela c/w Triq il-Kahwiela, Zabbar and positioned on three roads. The project comprises the development of nine blocks consisting of 24 maisonettes, 81 apartments (spread on three floors) and 22 penthouses and 198 underlying garages. Four of the aforementioned nine blocks enjoy open country views from the front terraces as they face a green area.

As at 30 June 2022, construction of all blocks were 100% complete, while finishes were 86% complete. The Zabbar Development is being financed from proceeds of the 2018 Bond Issue, cash flows generated from unit sales of other projects of the Group and cash flows from sales of units generated from the initial phases of this project.

As at 20 October 2022, 16 units are included in stock and available for sale.

5.2 MELLIEHA DEVELOPMENT

The Mellieha site measures *circa* 1,249m² and is located in Triq Ta' Masrija and New Street off Triq il-Mithna L-Qadima, Mellieha. The project is split in three blocks comprising 2 levels of garages (50 garages), 3 maisonettes at ground floor level, 39 apartments spread over 5 floor levels and 7 penthouses. On completion, the units will include a mix of one-bedroomed, two-bedroomed and three-bedroomed apartments and panoramic views will be visible from the sixth and seventh levels.





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Full completion of the project is scheduled for 2023 and is principally being financed from proceeds of the 2018 Bond Issue, revenue generated from the Mellieħa Development and other sources of funds of the BDP Group. As at 30 June 2022, the construction of all blocks was 100% complete, while finishes were 10% complete.

Sale of units from the Mellieħa Development are expected to generate *circa* €15.4 million in total revenue. As at 20 October 2022, 31 residential units (being 63% of total inventory) are subject to promise of sale agreements.

5.3 PEMBROKE I DEVELOPMENT

The property comprises a corner plot of land with unobstructed sea and country views situated in Triq il-Mediterran c/w Triq Gabriele Henin, Pembroke. The acquisition cost was funded out of proceeds from the 2018 Bond Issue and *circa* €0.5 million was settled in kind through the assignment of a penthouse at Blue Moon Court.

The Pembroke I Development comprises 6 garages, 2 maisonettes, 4 three-bedroomed apartments and 2 three-bedroomed duplex penthouses. As at 30 June 2022, construction works were 100% complete while finishes were 95% complete.

As at 20 October 2022, only 1 residential unit was in stock and available for sale.

6. NEW DEVELOPMENTS

6.1 PEMBROKE II DEVELOPMENT

The Pembroke II Development is a residential development located in Triq Profs J. E. Debono, Pembroke which will include 6 basement garages, 2 maisonettes at ground floor level, 4 apartments at first and second floor levels, and 2 duplex penthouses at third and fourth floor levels. The said property is subject to a promise of sale agreement where it was agreed to exchange a duplex penthouse and garage forming part of Pembroke I Development for the above-mentioned new location in Pembroke.

The project costs are expected to amount to *circa* €2.0 million and will be financed from the Group's own cash flows. The development is expected to be completed in shell form by Q2 2023 and finishes by Q3 2024.

6.2 SIĠĠIEWI DEVELOPMENT

In 2022, the 2022 Guarantor acquired the rights under 4 promise of sale agreements to acquire 4 parcels of land in Siġġiewi (together, the "**Siġġiewi Site**") for an aggregate consideration of *circa* €10.2 million. The Siġġiewi Site, measuring approximately 5,000m², shall be utilised for the construction of the Siġġiewi Development which, on completion, shall comprise 155 lock-up garages, 2 stores and a substation at basement level, 20 maisonettes, 60 apartments and 15 penthouses spread over 8 blocks. The properties will be sold in a finished state. Each block shall have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels.

The construction of the Siġġiewi Development is intended to commence in Q1 2023, with construction envisaged to be completed by Q4 2024 and fully finished by Q2 2026. Development works are estimated to amount to €16.6 million. The above-mentioned acquisition of the Siġġiewi Site and development thereon shall be financed from net proceeds of the 4.75% Secured Bonds 2025-2027 and cash flows generated from the sale of units.

Projected revenues to be generated from the sale of units of the Siġġiewi Development is expected to amount to €37.0 million, with the majority of said revenues expected to be recognised in FY2025 and FY2026.

6.3 ĠHADIRA DEVELOPMENT

Best Deal Developments Limited (the "**2018 Guarantor**") has entered into a promise of sale agreement dated 03 October 2022 for the acquisition of the portion of land located in Mellieħa, which extends over and into one half of the fronting streets called Triq it-Tunnara and Triq id-Denci, and slightly less than one half on Triq it-Tumbrell, free and unencumbered from the obligation of payment of or conditions related to groundrent and, or emphyteutical or other burdens, free from third party servitudes, with its airspace and subterranean levels and with guaranteed vacant possession (the "**Target Property**"), for the price of €7.8 million. This is expected to be financed through additional borrowings expected to take place in 2023.





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The final deed of sale and purchase is conditional, *inter alia*, on the 2018 Guarantor managing to obtain, at its expense, by no later than seventeen (17) months from the date of the above-mentioned promise of sale, a fully executable development permit to be applied for by the 2018 Guarantor. The promise of sale shall remain valid and effective up to 03 April 2024.

The acquisition is intended to be developed into a residential development comprising 72 apartments spanning over nine floors, one large penthouse referred to as 'Sky Villa' and 108 garages. Pursuant to the terms of the said promise of sale, the 2018 Guarantor is vested with a right of substitution and, or assignment in favour of any third-party company/ies in which the ultimate beneficial owners of the 2018 Guarantor have a direct or indirect shareholding. The Board of Directors of the Issuer understands that such right of assignment is due to be exercised with a view to the 2022 Guarantor appearing on the final deed of sale for the acquisition of the Target Property. In addition to the above, the 2022 Guarantor may seek to identify additional properties for acquisition and subsequent development.

7. SECURITY AND THE RESERVE ACCOUNT

7.1 SECURITY

In 2018, the Company issued €16 million 4.25% secured bonds 2024 (the “**2018 Bonds**”) for the purposes of acquiring three sites in Zabbar, Mellieħa and Pembroke and developing thereon the Zabbar Development, the Mellieħa Development and the Pembroke Development, respectively. The balance of said bonds as at 1 August 2022 amounted to €9,183,200.

The 2018 Bonds are guaranteed by the 2018 Guarantor and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2018 Bonds:

- (i) the first ranking general hypothec for the full nominal value of the 2018 Bonds and interests thereon over all the present and future property of the Company and 2018 Guarantor;
- (ii) the first ranking special hypothec for the full nominal value of the 2018 Bonds and interests thereon over the land on which each of the Pembroke Development, the Mellieħa Development and the Zabbar Development has been / is being developed together with all and any constructions to be developed thereon;
- (iii) the special privilege in accordance with the provisions of article 2010(c) of the Civil Code (Chapter 16 of the laws of Malta) for the amounts of: (a) *circa* €0.8 million (or such other amount according to law) over the site of the Pembroke Development; (b) *circa* €3.2 million (or such other amount according to law) over the site of the Mellieħa Development; and (c) *circa* €7.6 million (or such other amount according to law) over the site of the Zabbar Development; and
- (iv) the joint and several guarantee, dated 3 December 2018 granted by 2018 Guarantor as security for the punctual performance of the Issuer's payment obligations relating to the 2018 Bonds, subject to the terms and conditions contained in the security trust deed signed between the Issuer, 2018 Guarantor and the Security Trustee dated 3 December 2018.

In terms of the Prospectus dated 9 November 2022, the Issuer plans to raise €15 million through the issue of 4.75% secured bonds 2025 – 2027 (the “**2022 Bonds**”) for the purposes of funding the acquisition by the Guarantor of the Siġġiewi Site and part-financing the development of the Siġġiewi Development described in section 6.2 above.

The 2022 Bonds shall be guaranteed by the 2022 Guarantor and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2022 Bonds:

- (i) the first ranking general hypothec for the full nominal value of the 2022 Bonds and interests thereon over all the present and future property of the 2022 Guarantor;
- (ii) the first ranking special hypothec for the full nominal value of the 2022 Bonds and interests thereon over the Siġġiewi Site together with all and any constructions to be developed thereon;
- (iii) the pledge on insurance policy relating to the Siġġiewi Site and development thereon; and
- (iv) the joint and several guarantee granted by 2022 Guarantor as security for the punctual performance of the Issuer's payment obligations relating to the 2022 Bonds, subject to the terms and conditions contained in the security trust deed signed between the Issuer, 2022 Guarantor and the Security Trustee dated 9 November 2022.



7.2 RELEASING SECURITY AND THE RESERVE ACCOUNT

All sales of units, including residential units and garages/car spaces, forming part of the hypothecated property (described in section 7.1 above) shall be made on condition that units are released of all hypothecary rights and privileges encumbering the units being sold. For this purpose, the Security Trustee shall be empowered to release individual units of the hypothecated property from the security interest encumbering such unit/s upon receipt by it from the Issuer or from a prospective purchaser of a fixed amount of the purchase price attributed to each unit forming part of the hypothecated property.

All amounts received by the Security Trustee from the sales proceeds of units, forming part of the hypothecated property, shall be credited to the Reserve Account and shall be retained for the purpose of redeeming the 2018 Bonds and, or the 2022 Bonds (as the case may be) on maturity. In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the directors of the Issuer are of the view that the percentages available for cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the outstanding 2018 Bonds and 2022 Bonds on maturity.

8. ECONOMIC AND SECTOR ANALYSIS

8.1 ECONOMIC UPDATE

In 2021, the Maltese economy rebounded strongly by 10.4%, on account of improved business and consumer sentiment and growth in investment and services exports. In 2022, real GDP growth is forecast to reach 4.9%, which is higher than projected in spring (4.2%), given the expected stronger gains in the services sector, although tampered by the negative impacts of Russia's invasion of Ukraine. Growth in 2022 is expected to be driven by domestic consumption and net exports. Based on air passenger data projections by Eurocontrol¹, the export of tourism services is on course to a very rapid rebound in 2022 with full recovery expected by 2023, contributing to growth in both years. In 2023, real GDP is forecast to increase at a slower pace, but still by a robust 3.8%, affected by a general economic slowdown of its main trading partners, but partially compensated by continued growth of tourism and other services exports.

In June 2022, Malta was removed from the list of jurisdictions under increased monitoring by the Financial Action Task Force (the international standard setting body on anti-money laundering/countering the financing of terrorism). This positive outcome removed the related limited downside risks flagged in previous forecast rounds.

Inflation in 2021 increased only moderately by 0.7% as energy prices were kept unchanged by state interventions and hedging contracts for gas supply. While the authorities have committed to continue limiting energy price growth in 2022, the strong increase in inflation in the first two quarters of 2022 indicates that rising international energy and commodity prices are affecting Malta's prices indirectly. Inflation in 2022 is set to rise to 5.6%. The increases in food, transport and imported goods prices, and a continued recovery in the tourism and hospitality services are set to drive up price pressures also in 2023, with inflation remaining elevated at 3.3%.²

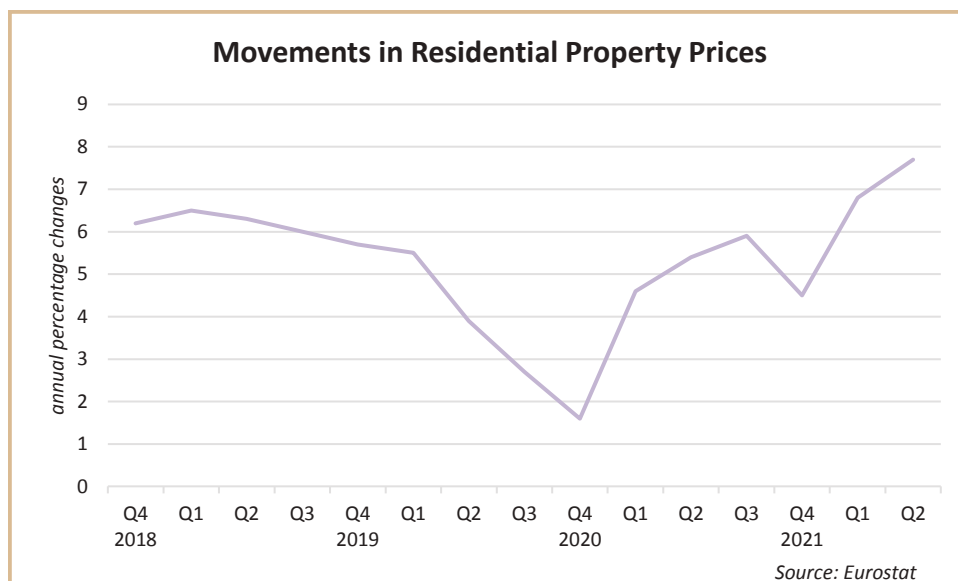
8.2 PROPERTY MARKET

The NSO's Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. However, the annual rate of change slowed down to 4.5% in the last quarter of 2021 from 5.9% in the third quarter of 2021. Moreover, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 9.4%.

¹ The European Organisation for the Safety of Air Navigation, commonly known as Eurocontrol, is an international organisation working to achieve safe and seamless air traffic management across Europe.

² Economic Forecast – Summer 2022 (European Commission Institutional Paper 183 July '22).





Notwithstanding the slower growth recorded in the fourth quarter of 2021, the annual average house price inflation remains close to that recorded in the last four years before the pandemic. At the same time, residential property prices seem to have returned to a growth trend following the slowdown in growth during the initial stages of the pandemic. In Q1 2022 and Q2 2022, the annual percentage rate of change increased from 4.5% in Q4 2021 to 6.8% and 7.7% respectively.

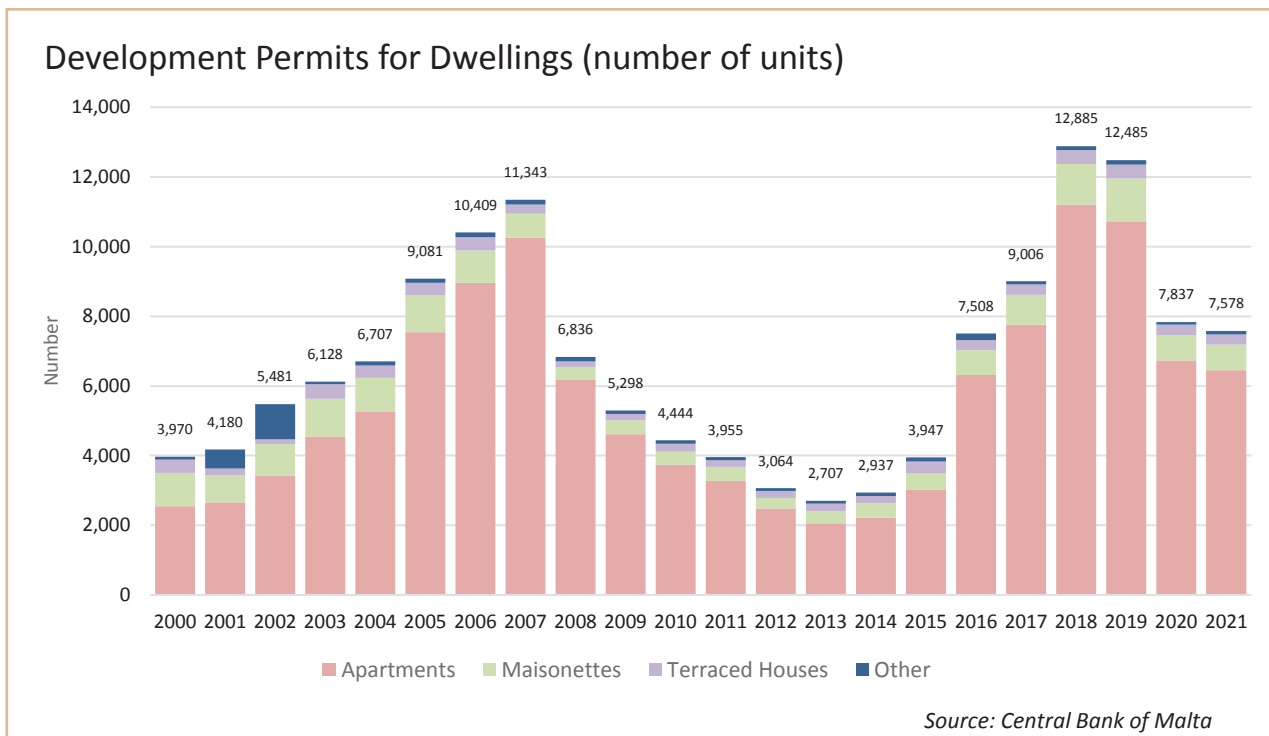
Residential property prices are being supported by numerous factors including the low-interest rate environment and a number of Government schemes, which include the temporary measures launched following the pandemic. Such schemes reflect, for example, lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, in 2020, the property tax and stamp duty on the first €400,000 of the value of the transfer were reduced to 5.0% and 1.5% respectively. Moreover, Budget 2021 and Budget 2022 extended or introduced more incentives supporting the property market that were in place before the pandemic.

In 2021, the number of final deeds of sale relating to residential property amounted to 14,368 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,155.3 million, an increase of 48% when compared to the prior year (2020: €2,126.6 million).

During the first 9 months of 2022, 10,516 final deeds of sale were concluded, an increase of 44 deeds from the same period a year earlier (Q1 to Q3 2021: 10,472 deeds). The value of the afore-mentioned deeds amounted to €2,363.6 million compared to €2,303.4 million in Q1 to Q3 2021 (+€60.2 million or +2.6%).¹

The number of residential building permits issued in 2021 amounted to 1,633 permits (2020: 1,675 permits) for the development of 7,578 residential units (2020: 7,837 residential units). As shown in the below chart, the number of units in 2021 (7,578) reflects a decrease of 41% from the all-time high of 12,885 units in 2018.

¹ National Statistics Office Malta – News Release 180/2022.



During the first half of 2022, 1,047 building permits for a total of 5,367 new dwellings were approved. When compared to the corresponding 6-month period of 2021, the number of building permits and approved new dwellings increased by 15% (+137 permits) and 39% (+1,500 new dwellings) respectively.¹

¹ National Statistics Office Malta – News Release 145/2022.





M Z I N V E S T M E N T S E R V I C E S

PART 2 – BDP GROUP PERFORMANCE REVIEW

9. FINANCIAL HIGHLIGHTS

The following financial information is extracted from the audited consolidated financial statements of the Issuer for the period 23 October 2018 to 31 December 2019 and for the years ended 31 December 2020 and 31 December 2021. The projected consolidated financial information for the years ending 31 December 2022 and 31 December 2023 of BDP Group has been provided by management of the Issuer.

The projected financial statements relate to events in the future and are based on assumptions which BDP Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Best Deal Properties Holding plc					
Condensed Consolidated Income Statement					
for the years ending 31 December					
	2019	2020	2021	2022	2023
	14 months	12 months	12 months	12 months	12 months
	Audited	Audited	Audited	Projection	Projection
	€'000	€'000	€'000	€'000	€'000
Revenue	883	10,952	20,060	18,750	13,773
Cost of sales	(764)	(8,760)	(15,603)	(13,704)	(10,267)
Administrative expenses	(620)	(712)	(595)	(405)	(418)
EBITDA	(501)	1,480	3,862	4,641	3,088
Depreciation and amortisation	(73)	(67)	(67)	-	-
Operating profit/(loss)	(574)	1,413	3,795	4,641	3,088
Finance income	-	4	30	-	-
Finance costs	(28)	(104)	(152)	(130)	(30)
Gain on bargain purchase	515	-	-	-	-
Profit/(loss) before tax	(87)	1,313	3,673	4,511	3,058
Taxation	(38)	(551)	(908)	(1,112)	(939)
Profit/(loss) for the year	(125)	762	2,765	3,399	2,119

Key Accounting Ratios

	2019	2020	2021	2022	2023
	14 months	12 months	12 months	12 months	12 months
	Audited	Audited	Audited	Projection	Projection
Operating profit margin (EBITDA/revenue)	-57%	14%	19%	25%	22%
Net profit margin (Profit after tax/revenue)	-14%	7%	14%	18%	15%
Earnings per share (€) (Profit after tax/number of shares)	-0.04	0.24	0.88	1.09	0.68
Return on equity (Profit after tax/shareholders' equity)	-4%	18%	40%	34%	18%
Return on capital employed (EBITDA/total assets less current liabilities)	-2%	7%	18%	13%	6%
Return on assets (Profit after tax/total assets)	0%	3%	11%	10%	4%

Source: MZ Investment Services Limited



M Z I N V E S T M E N T S E R V I C E S

In FY2020, BDP Group generated revenue of €11.0 million, principally from the sale of units in Blue Moon Court (€6.8 million) and the Zabbar development (€4.0 million). EBITDA margin in FY2020 was at 14% and EBITDA amounted to €1.5 million. Overall, the Group reported a net profit after tax of €0.8 million and thereby registered a net profit margin of 7%.

In FY2021, BDP Group generated revenue amounting to €20.1 million compared to €11.0 million in FY2020 (+83%). Approximately 57% of revenue was derived from sales of units forming part of the Zabbar Development and *circa* 34% from Garnet Court. Operating profit for the year amounted to €3.9 million, an increase of €2.4 million from a year earlier, and total comprehensive income amounted to €2.8 million (FY2020: €0.8 million).

Operating profit margin improved from 14% in FY2020 to 19% in FY2021, while net profit margin increased from 7% in FY2020 to 14%. The efficiency ratios being a measure of a company's ability to use one's assets to generate income have also increased year-on-year. In fact, return on equity increased from 18% to 40% in FY2021, return on capital employed improved by 11 percentage points to 18% while return on assets increased from 3% in FY2020 to 11%.

In FY2022 and FY2023, BDP Group is projected to generate revenue of €18.8 million and €13.8 million respectively primarily from the sale of units forming part of the Zabbar Development (54%), Mellieħa Development (32%) and Pembroke I Development (10%). The sales expected to the end of 2022 are in the vast majority subject to promise of sale agreements. Revenue in FY2023 is expected to decrease by €5.0 million due to declining levels of property available for sale (inventory). Sale of units situated in Pembroke II Development and Siġġiewi Development are expected to commence as from FY2024.

The Group's operating profit margin is projected to improve y-o-y by 6 percentage points in FY2022 to 25% but decrease to 22% in FY2023. Overall profitability is expected to increase by 23% (€0.6 million) in FY2022 from €2.8 million in the previous year to €3.4 million. In the following projected year, net profit is expected to amount to €2.1 million compared to €3.4 million (FY2022), reflecting the decrease in revenue from a year earlier. The return on capital employed is estimated at 13% and 6% in FY2022 and FY2023 respectively compared to 18% in FY2021. The lower expected return in the projected two years is in consequence of the timing of property development projects. In FY2022 and FY2023, the Group shall be committing capital resources towards Pembroke II Development and Siġġiewi Development but related revenue and operating profit will be accounted for as of FY2024.





M Z I N V E S T M E N T S E R V I C E S

Best Deal Properties Holding plc

Condensed Consolidated Statement of Financial Position

as at 31 December

	2019	2020	2021	2022	2023
	Audited	Audited	Audited	Projection	Projection
	€'000	€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Property, plant and equipment	1	1	1	1	1
Goodwill	43	43	43	43	43
Deferred tax asset	21	111	108	30	2
Sinking fund reserve	-	875	3,365	4,244	7,577
	<u>65</u>	<u>1,030</u>	<u>3,517</u>	<u>4,318</u>	<u>7,623</u>
Current assets					
Inventories	26,432	25,682	19,626	21,682	23,302
Trade and other receivables	156	279	1,148	-	-
Income tax assets	-	-	23	-	-
Cash and cash equivalents	801	462	247	9,111	21,476
	<u>27,389</u>	<u>26,423</u>	<u>21,044</u>	<u>30,793</u>	<u>44,778</u>
Total assets	<u>27,454</u>	<u>27,453</u>	<u>24,561</u>	<u>35,111</u>	<u>52,401</u>
EQUITY					
Capital and reserves					
Called up share capital	313	313	313	313	313
Share premium	938	938	938	938	938
Shareholders' loans	2,324	2,324	2,324	2,325	2,325
Retained earnings/(accumulated losses)	(209)	553	3,318	6,455	8,313
	<u>3,366</u>	<u>4,128</u>	<u>6,893</u>	<u>10,030</u>	<u>11,888</u>
LIABILITIES					
Non-current liabilities					
Secured bonds	15,671	15,022	13,296	23,513	23,659
Borrowings	2,548	1,200	1,200	1,200	15,807
	<u>18,219</u>	<u>16,222</u>	<u>14,496</u>	<u>24,713</u>	<u>39,466</u>
Current liabilities					
Borrowings	3,050	3,574	660	-	-
Trade and other payables	2,817	3,509	2,512	368	987
Current income tax liabilities	2	20	-	-	60
	<u>5,869</u>	<u>7,103</u>	<u>3,172</u>	<u>368</u>	<u>1,047</u>
	<u>24,088</u>	<u>23,325</u>	<u>17,668</u>	<u>25,081</u>	<u>40,513</u>
Total equity and liabilities	<u>27,454</u>	<u>27,453</u>	<u>24,561</u>	<u>35,111</u>	<u>52,401</u>



MZ INVESTMENT SERVICES

Key Accounting Ratios

	2019	2020	2021	2022	2023
	14 months	12 months	12 months	12 months	12 months
	Audited	Audited	Audited	Projection	Projection
Gearing ratio (Total net debt/net debt and shareholders' equity)	86%	82%	63%	53%	47%
Gearing ratio 2 (times) (Net debt/shareholders' equity)	6.08	4.47	1.67	1.13	0.88
Net debt to EBITDA (years) (Net debt/EBITDA)	n/a	12.47	2.99	2.45	3.37
Net assets per share (€) (Net asset value/number of shares)	1.08	1.32	2.21	3.21	3.80
Liquidity ratio (times) (Current assets/current liabilities)	4.67	3.72	6.63	83.68	42.77

Source: MZ Investment Services Limited

BDP Group's statement of financial position as at 31 December 2021 comprised total assets of €24.5 million (FY2020: 27.5 million), primarily made up of inventory (being property development work-in-progress) and cash balances (including sinking fund reserve).

Total equity increased by €2.8 million to €6.9 million on account of the net profit registered during the year. Aggregate liabilities amounted to €17.7 million, a decrease of €5.7 million compared to FY2020. During the year, secured bonds and short-term borrowings were reduced by €4.6 million to €14.0 million. Other liabilities include deposits received on promise of sale agreements amounting to €0.8 million (FY2020: €1.6 million).

The gearing ratio of the BDP Group decreased from 82% in FY2020 to 63% in FY2021, whilst net debt to EBITDA, which is an alternative measure to assess leverage, was at 2.99 years in FY2021 compared to 12.47 years in the prior year. The liquidity ratio of the BDP Group in FY2021 was at 6.63 times in FY2021 (FY2020: 3.72 times). The relatively high liquidity ratio emanates from the fact that the majority of the BDP Group's funding facilities are repayable after more than one year.

Equity in FY2022 and FY2023 is projected to increase sequentially by €3.1 million and €1.9 million on account of the profit expected to be generated in the said financial years.

Liabilities are expected to increase by €22.8 million primarily in consequence of the issue of €15 million 4.50% secured bonds 2025-2027 in FY2022 to acquire the Siġġiewi Site and an increase in borrowings of €15 million in FY2023 for the proposed acquisition of the Ghadira Site. Furthermore, the outstanding amount of 4.25% secured bonds 2024 has to date been reduced from €14.5 million as at 31 December 2021 to circa €9.0 million and is assumed to remain unchanged until maturity date in 2024. It is however observed that the Group will continue to build the sinking fund reserve to be utilised to redeem the afore-mentioned bonds (included in non-current assets). In this regard, the balance of the sinking fund reserve is projected to amount to €7.6 million by FY2023.

Apart from the sinking fund reserve, the other assets of the Group principally comprise cash balances and property being developed (classified as inventories). In FY2022, inventories are projected to amount to €21.7 million and includes the proposed acquisition of the Siġġiewi Site for circa €10.2 million. In the subsequent year, inventories comprise the purchase of the Ghadira Site for circa €7.8 million.

Due to the consistent increase in equity and cash balances, the Group's gearing ratio is expected to decrease from 63% in FY2021 to 53% and 47% in FY2022 and FY2023 respectively.





M Z I N V E S T M E N T S E R V I C E S

Best Deal Properties Holding plc

Condensed Consolidated Cash Flow Statement

for the years ending 31 December

	2019	2020	2021	2022	2023
	14 months	12 months	12 months	12 months	12 months
	Audited	Audited	Audited	Projection	Projection
	€'000	€'000	€'000	€'000	€'000
Net cash from operating activities	(24,001)	2,178	7,134	466	1,225
Net cash from investing activities	(2)	(875)	(2,490)	(879)	(3,333)
Net cash from financing activities	24,788	(1,650)	(4,835)	9,277	14,473
Net movement in cash and cash equivalents	785	(347)	(191)	8,864	12,365
Cash and cash equivalents at beginning of year	-	785	438	247	9,111
Cash and cash equivalents at end of year	785	438	247	9,111	21,476

In FY2020, net movement in cash and cash equivalents amounted to an adverse balance of €0.3 million. Cash generated from operating activities amounted to €2.2 million, of which €1.3 million related to working capital movements. Net cash outflows from investing activities represented transfers to the sinking fund reserve. Net cash used in financing activities amounted to €1.6 million and mainly related to net repayments of bank borrowings.

In FY2021, net movement in cash and cash equivalents amounted to an adverse balance of €0.2 million. Net cash from operating activities amounted to €7.1 million compared to €2.2 million in the previous year, mainly on account of a positive movement in working capital (+€4.2 million). Net cash used in investing activities of €2.5 million and represented amounts paid into the sinking fund reserve (FY2020: €0.9 million). During the year, the Issuer transferred a further €1.8 million to the security trustee (in aggregate, €4.3 million) for the purposes of repurchasing bonds from the capital market and which are accounted for as financing activities.

Net cash outflow from financing activities amounted to €4.8 million compared to outflows of €1.6 million in FY2020. Cash used mainly comprised the repurchase of €1.8 million of bonds outstanding and net repayment of other borrowings.

In FY2022, the Group is projected to generate €0.5 million of net cash from operating activities which is expected to comprise operating profit of €3.6 million and the remaining balance being net adverse movement in working capital changes. In investing activities, the amount of €0.9 million is expected to be paid into the sinking fund reserve.

Net cash from financial activities is projected to amount to €9.3 million on account of net increase in bonds and other borrowings of €9.6 million and dividend payments amounting to €0.3 million.

Net movement in cash in FY2023 is projected to amount to €12.4 million mainly on account of an increase in net borrowings of €14.8 million and cash generated from operating activities amounting to €1.2 million. On the other hand, payments to the sinking fund reserve (accounted for as investing activities) is estimated to amount to €3.3 million.

INFORMATION RELATING TO THE ISSUER'S EQUITY

The 2,500,000 ordinary shares of the Issuer, having a nominal value of €0.10 per share, are listed on Prospects MTF pursuant to a Company Admission Document dated 21 August 2019. Key market data relating to the said ordinary shares is provided hereunder:

Key Market Data

	31 Dec'19	31 Dec'20	31 Dec'21	31 Dec'22	31 Dec'23
	Actual	Actual	Actual	Projection	Projection
Total shares outstanding	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000
Year-end share price (€)	1.60	1.60	1.60	1.60	1.60
Market capitalisation [A]	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Net debt (€) [B]	20,468,000	18,459,000	11,544,000	11,358,000	10,413,000
Enterprise value [A + B]	25,468,000	23,459,000	16,544,000	16,358,000	15,413,000
Price/earning ratio (times)	-40.00	6.56	1.81	1.47	2.36
Dividends payable to shareholders (€)	-	-	-	250,000	250,000
Dividend cover (Net profit/dividends paid) (times)	-	-	-	13.60	8.48

Source: MZ Investment Services Limited



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PART 3 - COMPARABLES

The table below compares the Issuer and its bond issues to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of the Issuer and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with BDP Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of BDP Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
4.25% GAP Group plc Secured € 2023	8,349,900	5.29	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.55	1.68	37,992	9,916	65.59
5.80% International Hotel Investments plc 2023	10,000,000	4.33	1.06	1,695,229	838,216	40.59
6.00% AX Investments Plc € 2024	40,000,000	3.33	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	3.97	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.05	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.96	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.84	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	9,137,200	3.03	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.53	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.73	1.06	1,695,229	838,216	40.59
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.70	52.47	155,313	70,709	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	3.96	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.18	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.16	0.83	1,863,456	899,566	40.81
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.96	1.06	1,695,229	838,216	40.59
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.75	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.13	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.51	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	4.16	14.81	112,173	21,575	60.31
4.75% Best Deal Properties Holding plc Secured € 2025-27	15,000,000	4.75	-	24,561	6,893	62.61
4.35% SD Finance plc Unsecured € 2027	65,000,000	3.98	4.60	349,955	142,068	27.22
4.00% Eden Finance plc Unsecured € 2027	40,000,000	4.24	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	4.00	3.25	362,955	235,392	26.66
4.00% Hili Finance Company plc Unsecured € 2027	50,000,000	3.87	4.48	727,669	154,632	71.84
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.89	4.48	727,669	154,632	71.84
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.36	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	4.05	4.48	727,669	154,632	71.84
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.75	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	4.60	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.89	-	238,228	78,698	63.41
4.50% The Ona plc € 2028 - 2034	16,000,000	4.22	44.94	29,758	8,719	51.62

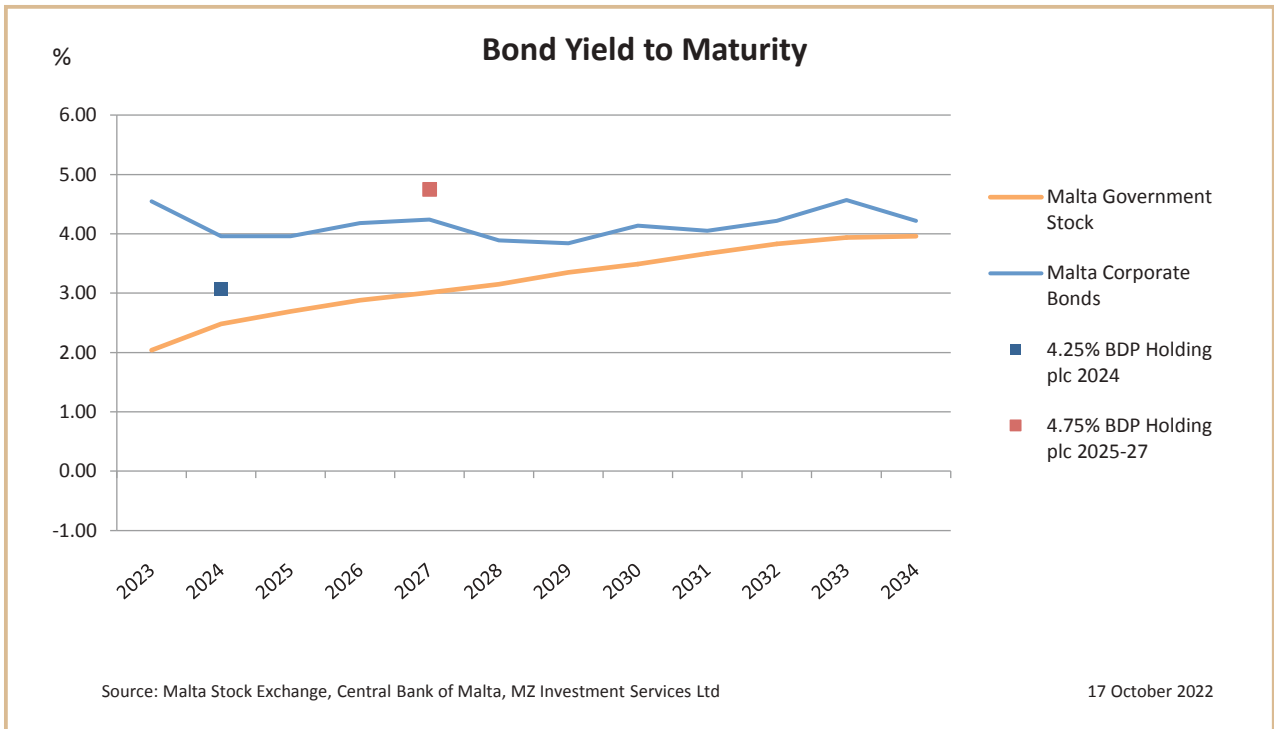
17-Oct-22

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd





MZ INVESTMENT SERVICES



To date, there are no corporate bonds which have a redemption date beyond 2034. The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta.

The 2024 Bonds are trading at a yield of 3.08%, which is 88 basis points lower when compared to other corporate bonds maturing in the same year. The premium over FY2024 Malta Government Stock is 60 basis points.

The 2025-27 Bonds have a yield of 4.75%, which is 51 basis points higher when compared to other corporate bonds maturing in the same year. The premium over FY2027 Malta Government Stock is 174 basis points.



PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total revenue generated by the Issuer from its business activities during the financial year.
Cost of sales	Operating expenses include the cost of construction and other related expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Issuer during the financial year both from its operating as well as non-operating activities.

PROFITABILITY RATIOS

Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

EFFICIENCY RATIOS

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

EQUITY RATIOS

Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
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CASH FLOW STATEMENT

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Issuer.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Issuer.

BALANCE SHEET

Non-current assets	Non-current assets are the Issuer's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Issuer amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include property, plant & equipment and sinking fund reserve.
Current assets	Current assets are all assets of the Issuer, which are realisable within one year from the balance sheet date. Such amounts include development stock (inventories), accounts receivable, cash and bank balances.





M Z I N V E S T M E N T S E R V I C E S

Current liabilities	All liabilities payable by the Issuer within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Issuer's long-term financial obligations that are not due within the present accounting year. The Issuer's non-current liabilities include long-term borrowings and debt securities.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.

FINANCIAL STRENGTH RATIOS

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.
